NOVATEK

Fourth Quarter and Full Year 2014 Operational and Financial Results Conference Call

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Moscow, Russian Federation
2 March 2015

Disclaimer – Forward Looking Statement

Matters discussed in this presentation may constitute forward-looking statements. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words "believe," "expect," "anticipate," "intends," "estimate," "forecast," "project," "will," "may," "should" and similar expressions identify forward-looking statements. Forward-looking statements include statements regarding: strategies, outlook and growth prospects; future plans and potential for future growth; liquidity, capital resources and capital expenditures; growth in demand for our products; economic outlook and industry trends; developments of our markets; the impact of regulatory initiatives; and the strength of our competitors.

The forward-looking statements in this presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control and we may not achieve or accomplish these expectations, beliefs or projections. In addition, important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include:

- changes in the balance of oil and gas supply and demand in Russia and Europe;
- the effects of domestic and international oil and gas price volatility and changes in regulatory conditions, including prices and taxes;
- the effects of competition in the domestic and export oil and gas markets;
- our ability to successfully implement any of our business strategies;
- the impact of our expansion on our revenue potential, cost basis and margins;
- our ability to produce target volumes in the face of restrictions on our access to transportation infrastructure;
- the effects of changes to our capital expenditure projections on the growth of our production;
- inherent uncertainties in interpreting geophysical data;
- commercial negotiations regarding oil and gas sales contracts;
- changes to project schedules and estimated completion dates;
- potentially lower production levels in the future than currently estimated by our management and/or independent petroleum reservoir engineers;
- our ability to service our existing indebtedness;
- our ability to fund our future operations and capital needs through borrowing or otherwise;
- our success in identifying and managing risks to our businesses;
- our ability to obtain necessary regulatory approvals for our businesses;
- the effects of changes to the Russian legal framework concerning currently held and any newly acquired oil and gas production licenses;
- changes in political, social, legal or economic conditions in Russia and the CIS;
- the effects of, and changes in, the policies of the government of the Russian Federation, including the President and his administration, the Prime Minister, the Cabinet and the Prosecutor General and his office;
- the effects of international political events;
- the effects of technological changes;
- the effects of changes in accounting standards or practices; and
- inflation, interest rate and exchange rate fluctuations.

This list of important factors is not exhaustive. When relying on forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. Such forward-looking statements speak only as of the date on which they are made. Accordingly, we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice.

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Summary Highlights – 2014

- **Successfully replaced** 109% of 2014 total production[1]
- **Total proved reserves increased** to 12.6 bln boe[1]
- **Organic reserve replacement rate** 152%[1]
- **Average reserve replacement cost** for 2012-2014 – $2.37 per boe
- **Natural gas production** *(including our proportionate share in JVs)* **increased** by 1.5%
- **Liquids production** *(including our proportionate share in JVs)* **increased** by 27.0%
- **Lifting costs decreased** to $0.49 per boe (2013 – $0.59 per boe)
- **Purovsky Plant output increased** by 33.7%
- **Ust-Luga Complex output increased** by 2.5 times

Note: Calculated based on SEC reserves attributable to all consolidated subsidiaries and joint ventures based on the Group's equity ownership interest in the respective fields

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Summary Highlights – 2014

- **Increase in revenues** driven by higher natural gas prices and natural gas and liquids volumes:
  - Natural gas sales increased by 12.4%
  - Liquids sales increased by 35.3%
- **EBITDA** *(excluding net gain (loss) on disposal of JVs)* **increased** by 23.4%
- **Cash flow from operations increased** by 24.5% to RR 110,253 million
- **Capital expenditures** related to exploration, production and marketing *(excluding payments for mineral licenses)* **increased** by 6.6% to RR 63,179 million
- **Free cash flow increased** by 60.8% to RR 47,074 million
- The **Russian rouble depreciated** by 71.9% against the US dollar in 2014 that resulted in significant non-cash foreign exchange loss on foreign currency denominated loans in the Groups' subsidiaries and joint ventures

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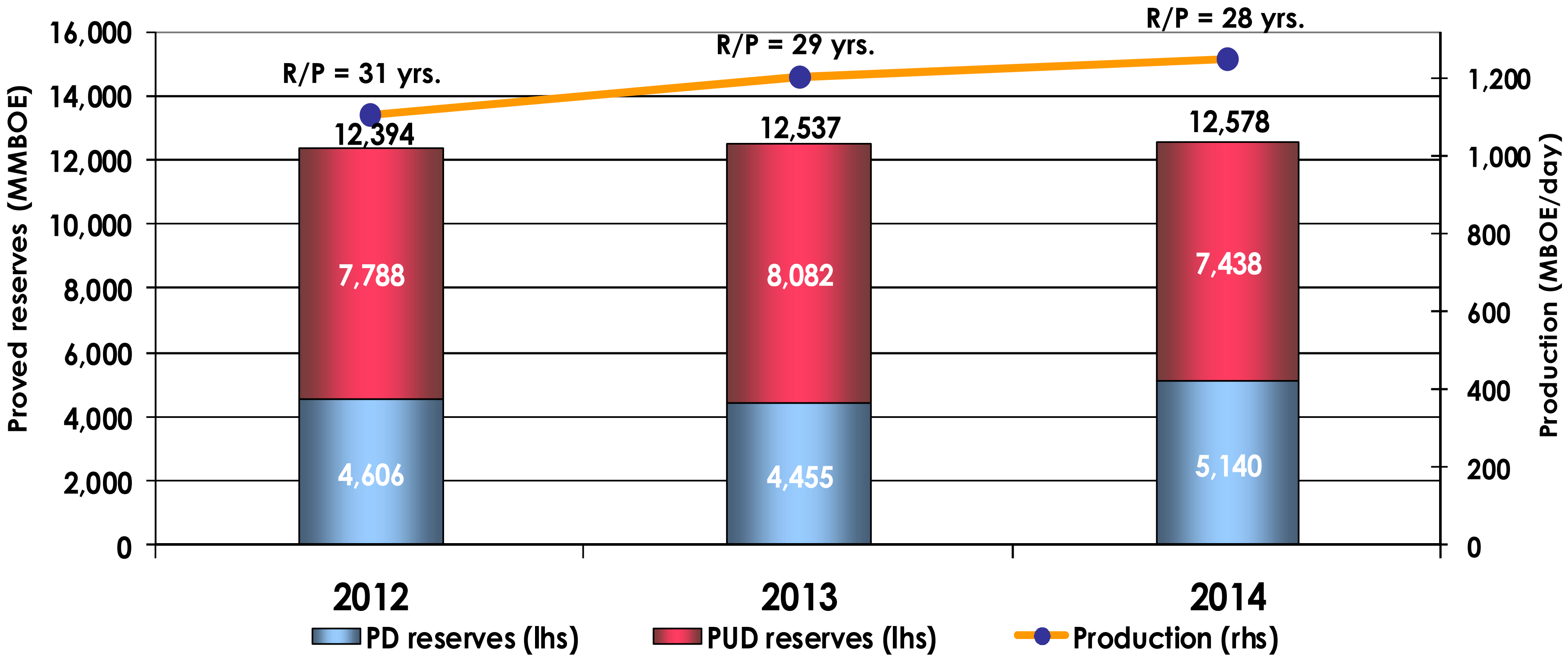
Operational Overview

Proved Reserves Base at Year-End



Our reserve replacement rate (RRR) for 2014 is 109%;
our organic RRR is 152% (excluding the effect of disposal of a 4.9% effective share in SeverEnergia);
our three year average RRR for 2012 to 2014 is 345%

Note: NOVATEK production and reserves (reported under the SEC methodology) based on the Company's ownership interest in consolidated subsidiaries and joint ventures for all periods, some fields do not have reserve appraisals

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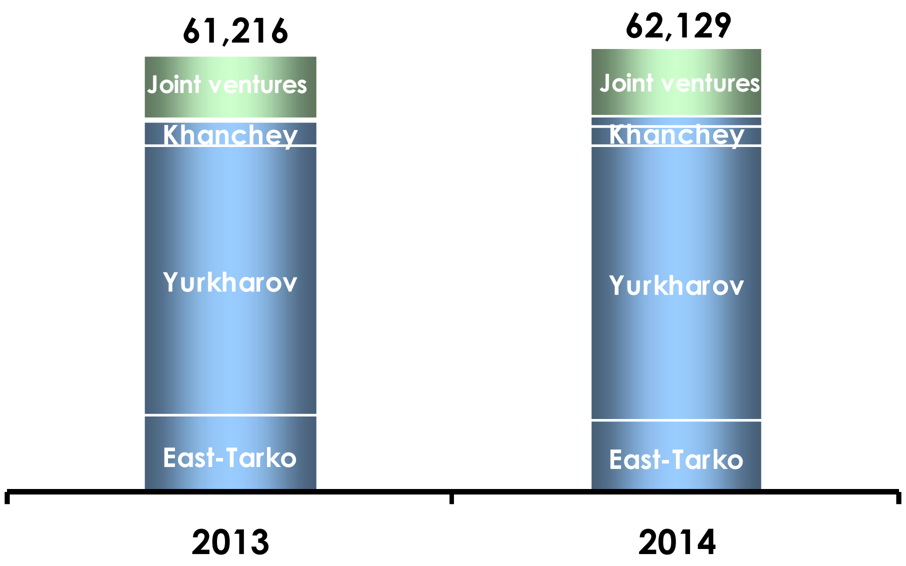
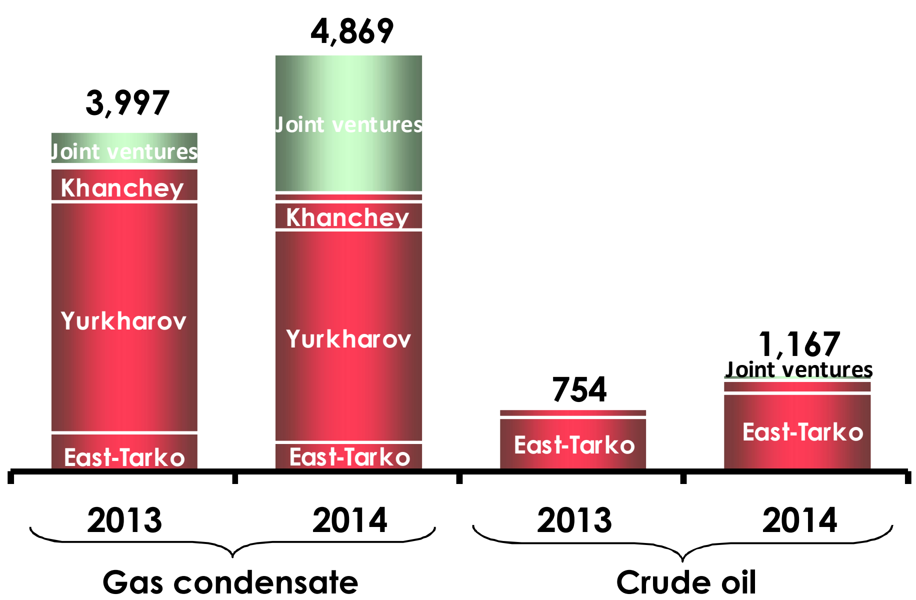
Net Hydrocarbon Production





Natural gas production increased Y-o-Y due to:

- The launch of the Urengoyskoye and Dobrovolskoye fields (Olimpiyskiy license area) at the end of 2013
- Increased production at our Yurkharovskoye field
- Increase in JV's production due to the launch of additional production facilities and increase in the effective share in SeverEnergia from 25.5% to 54.9%, that was partially offset by the disposal of Sibneftegas

Liquids production increased Y-o-Y due to:

- Increase in crude oil production at our East-Tarko and Khanchey fields resulting from new wells drilled and technical works performed
- Increase in our JV's production (launch of additional production facilities at Nortgas and SeverEnergia, increase in the effective share in SeverEnergia from 25.5% to 54.9%)
- The launch of the Dobrovolskoe field at the end of 2013
- Partially offset by a decrease in gas condensate production at our mature fields as a result of decreasing reservoir pressure at the current gas condensate producing horizons

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Purovsky Plant

- **Total volumes delivered: 6,598 mt**
  - Yurkharovskoye field: 2,485 mt
  - East-Tarkosalinskoye and Khancheyskoye fields: 828 mt
  - Other fields: 105 mt
  - Purchases from our joint ventures: 3,180 mt
- **Total output of marketable products: 6,419 mt**
  - Stable gas condensate: 5,049 mt
  - LPG : 1,370 mt
- **Capacity utilization in December 2014:** approximately 85%

Ust-Luga Complex

- **Total volumes delivered: 4,690 mt**
- **Total output of marketable gas condensate refined products: 4,604 mt**
  - Naphtha: 3,431 mt
  - Other products: 1,173 mt
- **4,338 mt of gas condensate refined products were dispatched**
  - to the Asia Pacific Region: 1,915 mt
  - to Europe: 1,813 mt
  - to North America: 555 mt
  - to South America: 55 mt
- **Gas condensate refined products inventory reconciliation**
  - Ust-Luga Complex storage facilities: 294 mt
  - Tankers in transit: 100 mt of naphtha
- **Capacity utilization in December 2014:** almost100%

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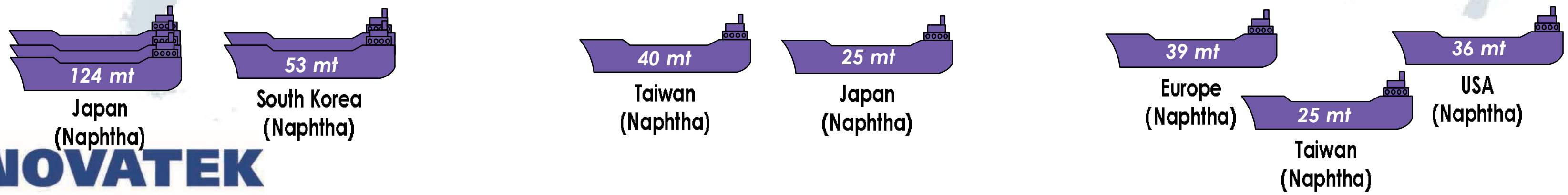
Liquids in Transit

"Goods in transit"
31.12.2013
~ 177 thousand tons

"Goods in transit"
30.09.2014
~ 65 thousand tons

"Goods in transit"
31.12.2014
~ 100 thousand tons



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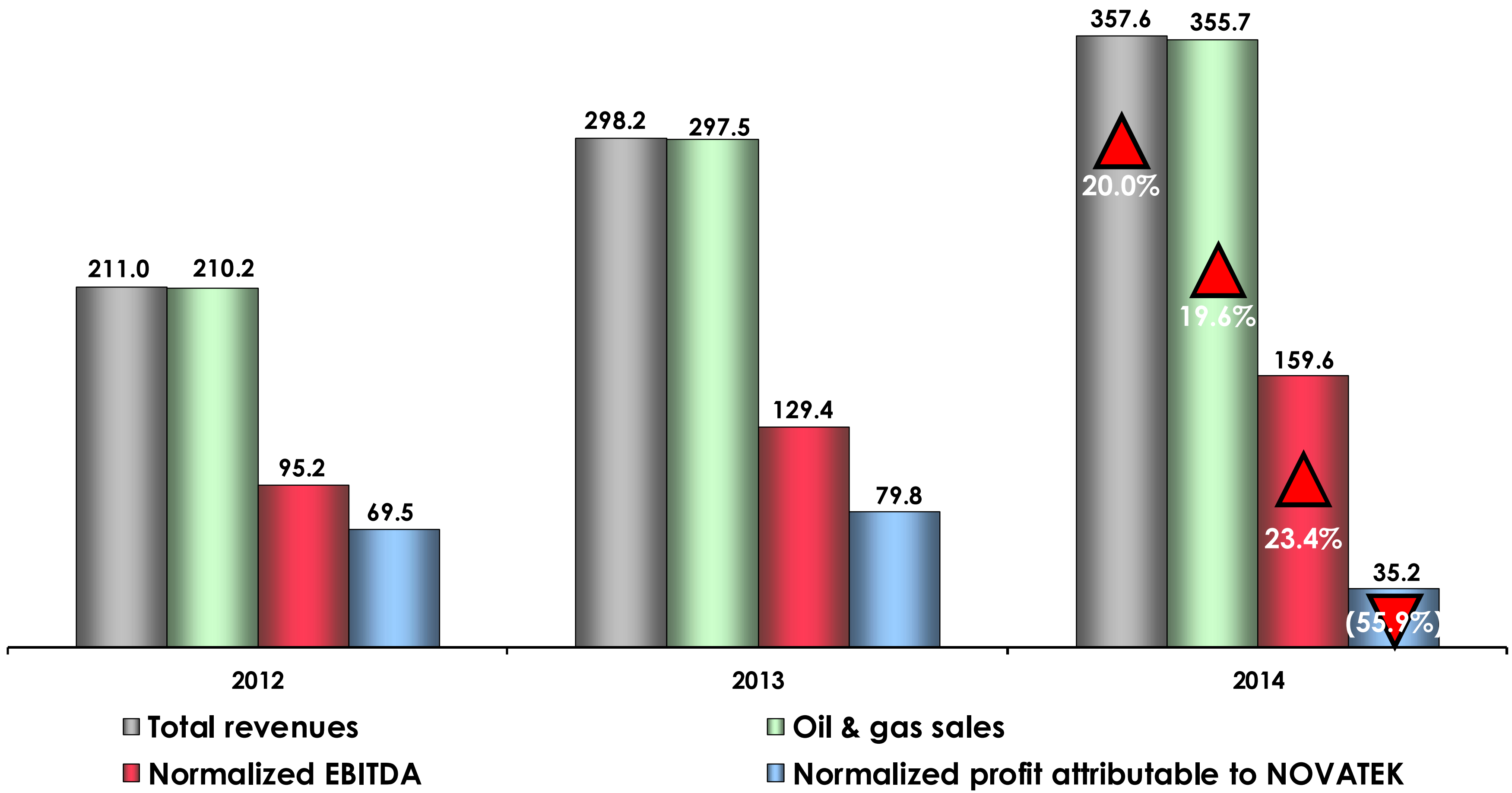
Financial Overview – 2014 vs. 2013

Summary Financial Results (RR billion)



Our normalized profit attributable to NOVATEK decreased by 55.9% due to significant non-cash foreign exchange loss resulted from the revaluation of foreign currency denominated borrowings in our subsidiaries and joint ventures

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Another Record Year (RR million)

	2014	2013	+/(-)	+/(-)%
Oil and gas sales	355,673	297,499	58,174	19.6%
Total revenues	357,643	298,158	59,485	20.0%
Operating expenses	(236,512)	(192,761)	(43,751)	22.7%
EBITDA [1]	162,254	167,019	(4,765)	-2.9%
Normalized EBITDA [2]	159,631	129,370	30,261	23.4%
EBITDA margin	45.4%	56.0%		
***Normalized EBITDA margin* [2]**	*44.6%*	*43.4%*		
Effective income tax rate [3]	30.1%	19.8%		
Profit attributable to NOVATEK	37,296	110,006	(72,710)	-66.1%
Normalized profit attributable to NOVATEK [2]	35,197	79,825	(44,628)	-55.9%
Profit margin	10.4%	36.9%		
Normalized profit margin [2]	9.8%	26.8%		
Earnings per share	12.34	36.31	(23.97)	-66.0%
***Normalized earnings per share* [2]**	*11.65*	*26.35*	*(14.70)*	*-55.8%*
CAPEX [4]	63,179	59,254	3,925	6.6%
Net debt [5]	204,361	157,732	46,629	29.6%
Free cash flow [6]	47,074	29,271	17,803	60.8%

Notes:

1. EBITDA includes our proportionate share in the EBITDA of our joint ventures and represents profit (loss) attributable to shareholders of OAO NOVATEK adjusted for the add-back of net impairment expenses (reversals), depreciation, depletion and amortization, income tax expense, share of profit (loss) of joint ventures, net of income tax and finance income (expense) from the Consolidated Statement of Income, as well as income (loss) from changes in fair value of derivative financial instruments
2. Excluding the effect from the disposal of interests in joint ventures
3. Effective income tax rate in 2014 is higher than the Russian statutory rate of 20% due to recording of the Group's share of losses from joint ventures. These losses, caused by significant non-cash foreign exchange losses, are recorded in the financial statements of joint ventures on an after-tax basis, and are not subject to additional income taxes on the Group's level. Without the effect described above, our effective income tax rate in 2014 was 19.7%
4. CAPEX represents additions to property, plant and equipment excluding payments for mineral licenses
5. Net debt calculated as long-term debt plus short-term debt less cash and cash equivalents
6. Free cash flow represents the excess of net cash provided by operating activities over capital expenditures

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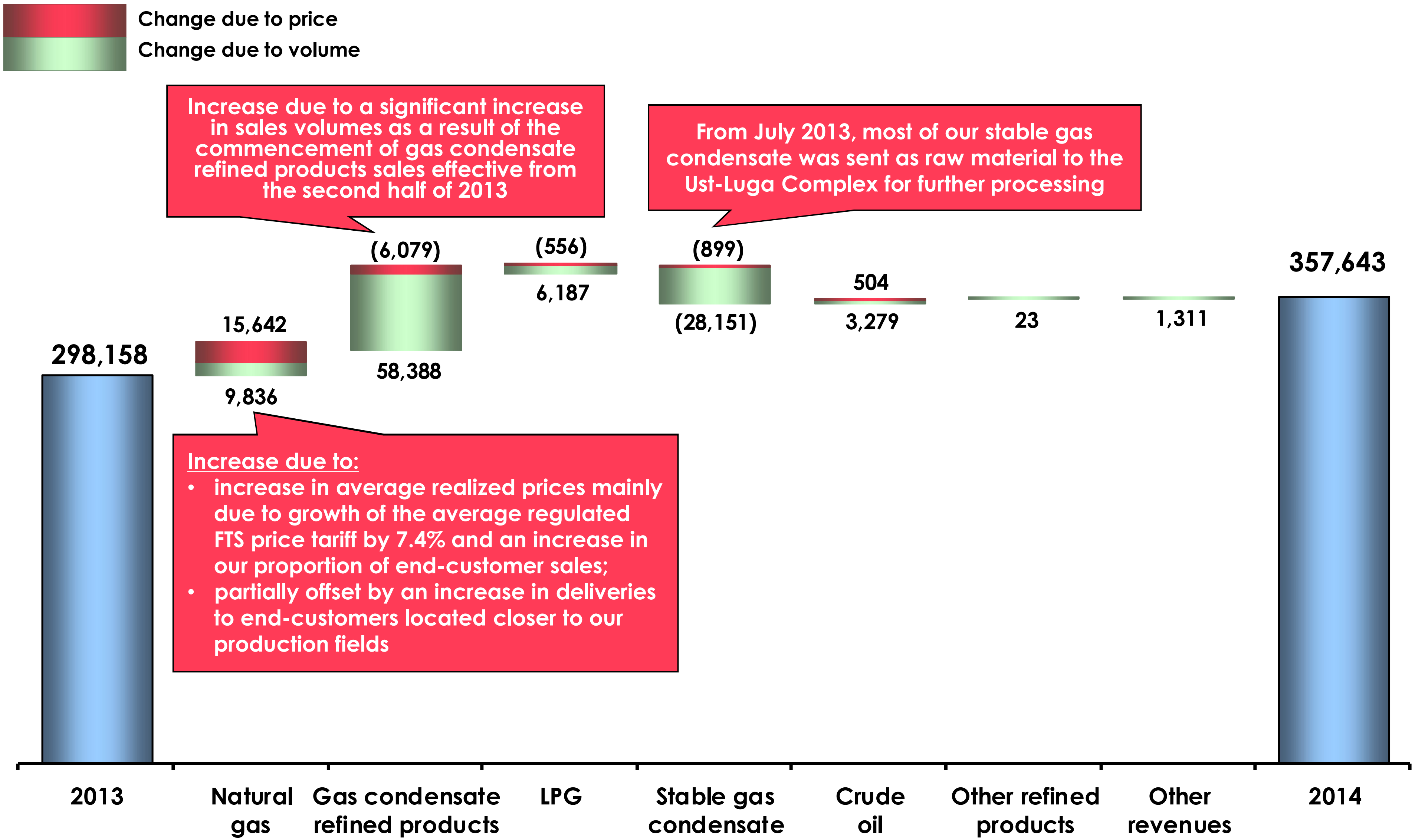
Total Revenues (RR million)



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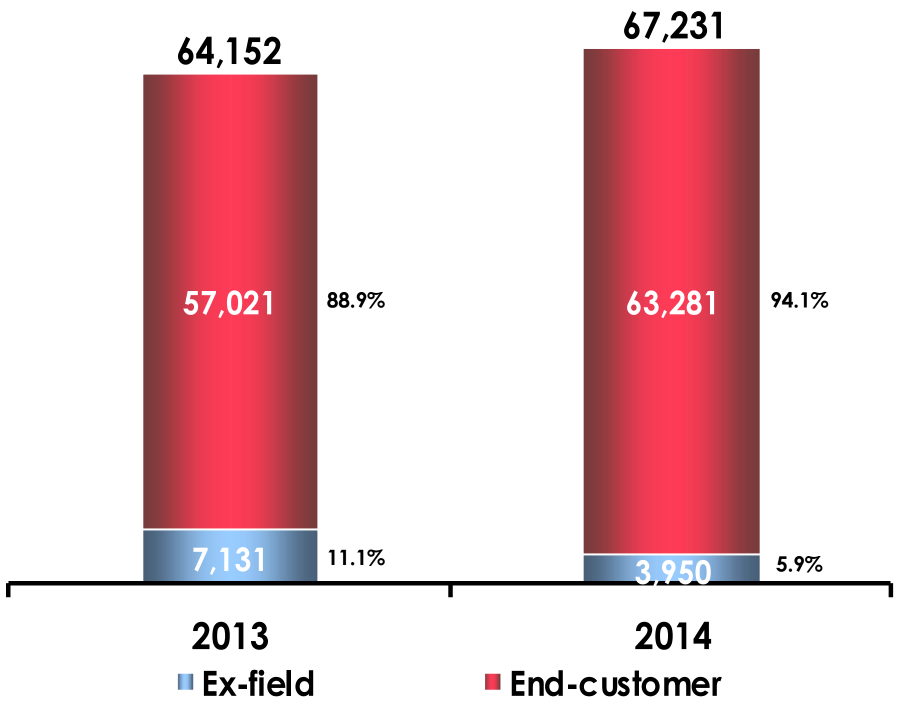
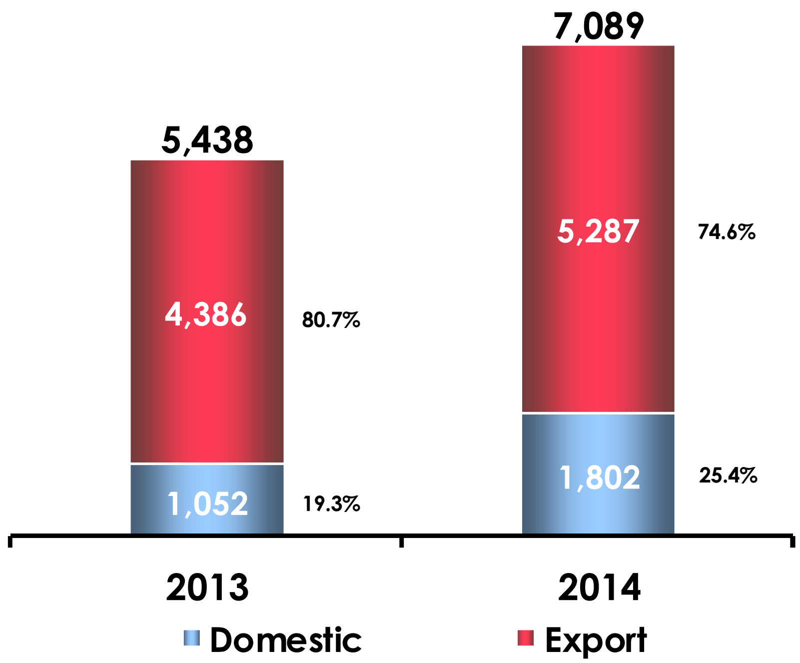
Market Distribution – Sales Volumes

Natural gas sales volumes, mmcm



Liquids sales volumes, mt



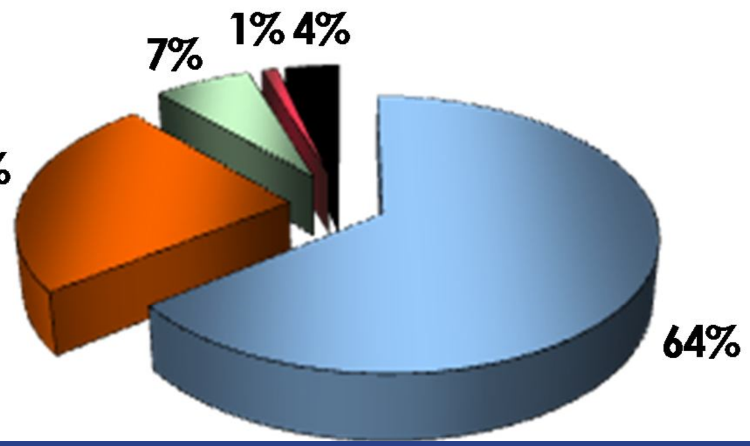
- Growth in natural gas sales volumes was due to increased volumes withdrawn from the UGSF with relatively stable volumes of injection, as well as increased natural gas production at our Olimpiyskiy license area, Yurkharov field and Nortgas joint venture
- Our proportion of natural gas sold to end-customers increased due to the cessation of natural gas deliveries to one of the traders in December 2013

- Our liquids sales volumes increased mainly due to an increase in unstable gas condensate production in our joint ventures and crude oil production in our subsidiares
- Partially offset by an increase of liquids inventory balance in 2014 compared to a decrease in 2013

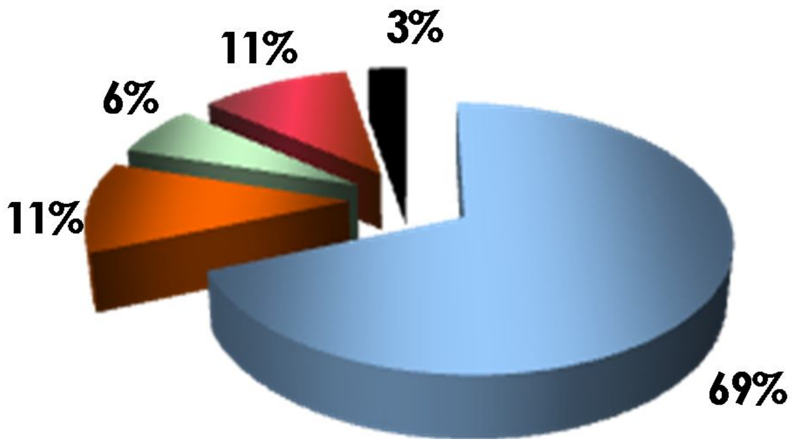
Total Revenues Breakdown

- Natural gas
- Gas condensate refined products
- LPG
- Stable gas condensate
- Other

2014



2013



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Realized Hydrocarbon Prices (net of VAT and export duties)

	2014	2013	+/(-)	+/(-)%
Domestic prices				
Natural gas end-customers, RR/mcm	3,527	3,366	161	4.8%
Natural gas ex-field, RR/mcm	1,833	1,830	3	0.2%
Stable gas condensate, RR/ton	12,547	12,979	(432)	-3.3%
Other gas condensate refined products, RR/ton	20,102	-	n/a	n/a
LPG, RR/ton	13,869	14,527	(658)	-4.5%
Crude oil, RR/ton	12,561	11,819	742	6.3%
Export market				
Stable gas condensate, RR/ton	-	15,703	n/a	n/a
Naphtha, RR/ton	18,767	20,176	(1,409)	-7.0%
Other gas condensate refined products, RR/ton	20,692	22,674	(1,982)	-8.7%
LPG, RR/ton	21,349	19,897	1,452	7.3%
Crude oil, RR/ton	12,183	11,959	224	1.9%

Note: Prices are shown excluding trading activities

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Operating Expenses (RR million and % of Total Revenues (TR))

	2014	% of TR	2013	% of TR
Transportation expenses	114,511	32.0%	103,245	34.6%
Taxes other than income tax	29,336	8.2%	21,645	7.3%
Non-controllable expenses	143,847	40.2%	124,890	41.9%
Depreciation, depletion and amortization	17,172	4.8%	13,503	4.5%
General and administrative expenses	11,831	3.3%	11,029	3.7%
Materials, services & other	11,442	3.2%	8,282	2.8%
Exploration expenses	112	n/m	427	n/m
Net impairment expenses (reversals)	(229)	n/m	2,611	0.9%
Change in natural gas, liquids and WIP	(259)	n/m	(2,688)	n/m
Subtotal operating expenses	183,916	51.4%	158,054	53.1%
Purchases of natural gas and liquid hydrocarbons	52,596	14.7%	34,707	11.6%
Total operating expenses	236,512	66.1%	192,761	64.7%

- **Operating expenses increased by 22.7% primarily due to an increase in purchases of natural gas and liquid hydrocarbons from our joint ventures, transportation expenses and taxes other than income tax**
- **Our hydrocarbon purchases increased by 51.5% primarily due to an increase in purchases of unstable gas condensate from Nortgas and SeverEnergia**
- **Transportation expenses increased by 10.9% mainly due to an increase in the natural gas volumes sold to end-customers with associated transportation expenses, as well as increased liquid hydrocarbons volumes transported**
- **Taxes other than income tax increased primarily due to a significant increase in the natural gas production tax rate per mcm from RR 265 to RR 402 from 1 July 2013 and to RR 471 from 1 January 2014**

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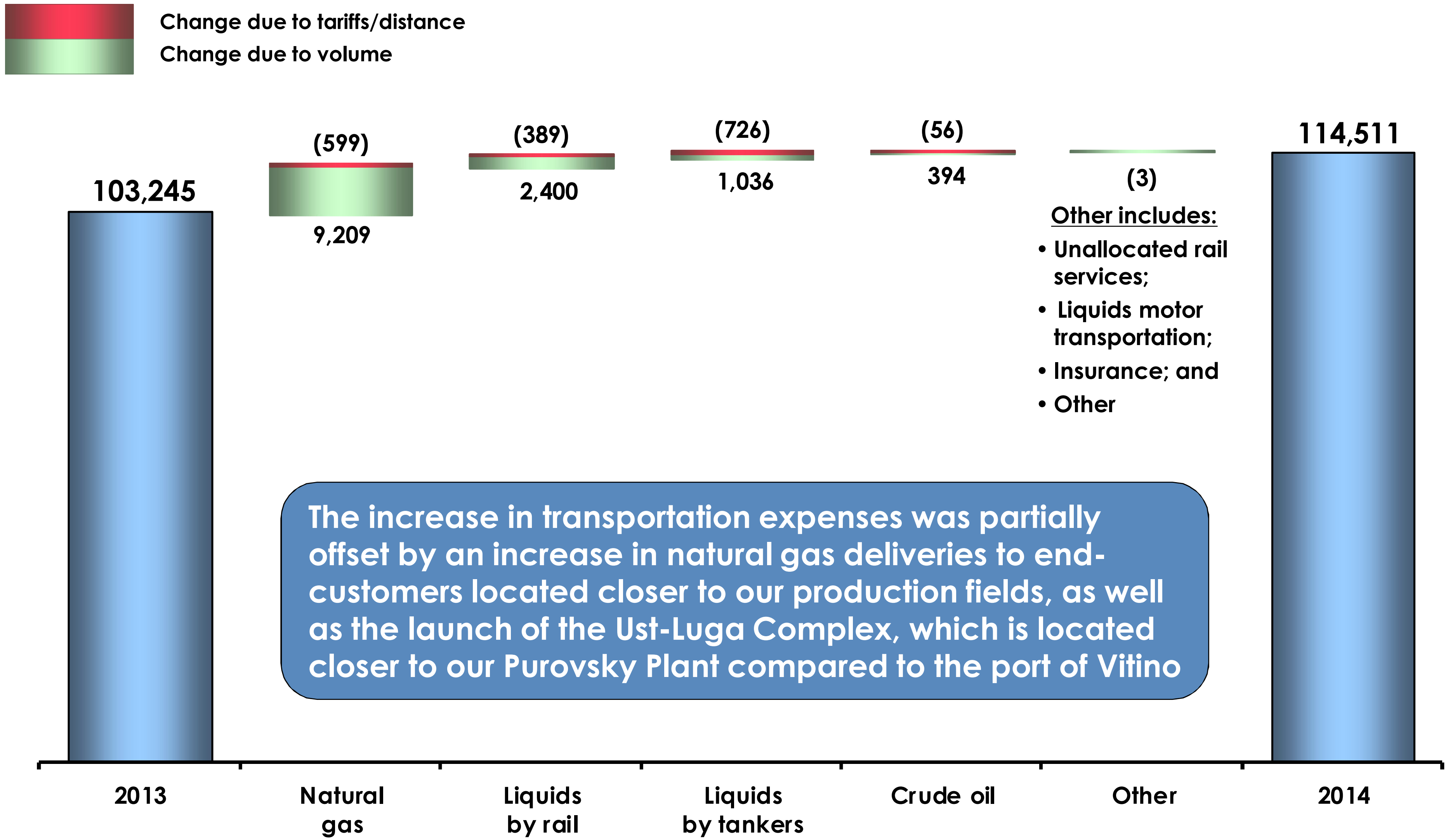
Transportation Expenses (RR million)



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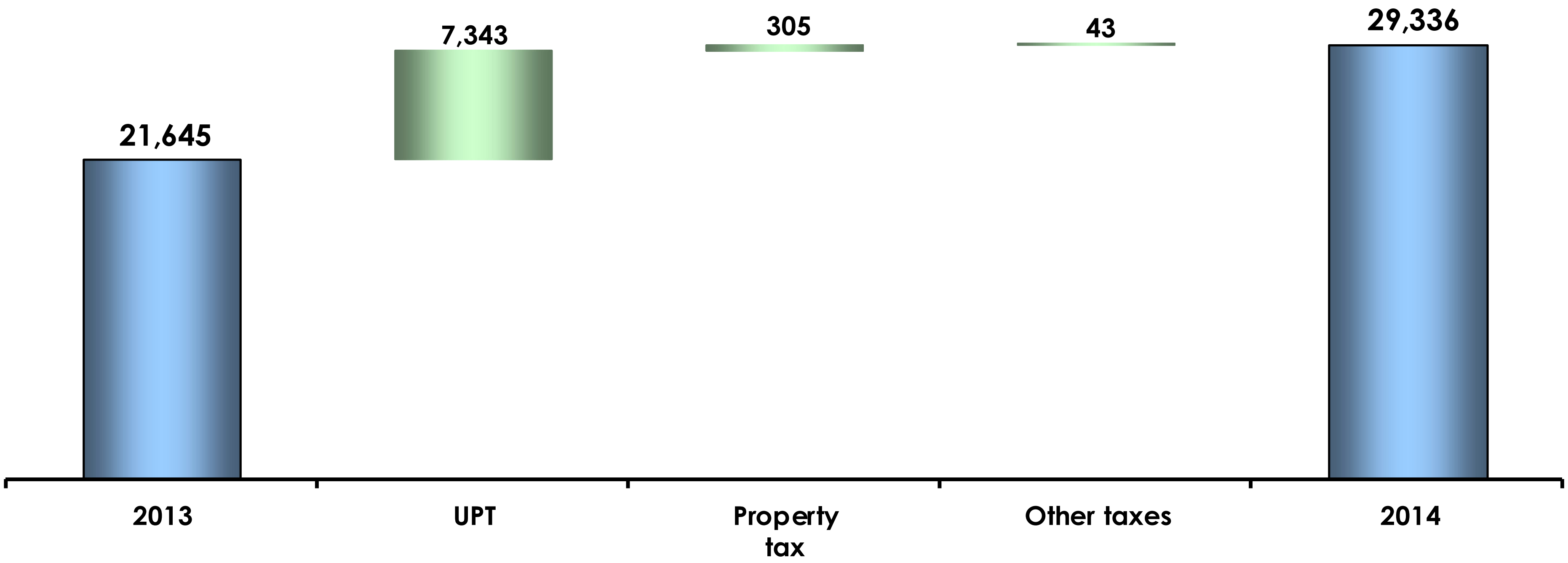
Taxes Other Than Income Tax Expense (RR million)



- Y-o-Y increase in UPT expense was primarily due to a significant increase in the natural gas production tax rate per mcm from RR 265 to RR 402 from 1 July 2013 and to RR 471 from 1 January 2014
- We applied a zero UPT rate for crude oil produced at our Yurkharov, East-Tarko and Khanchey fields according to the Russian Tax Code in both reporting periods
- The increase in property tax expense was due to additions to property, plant and equipment at our production subsidiaries

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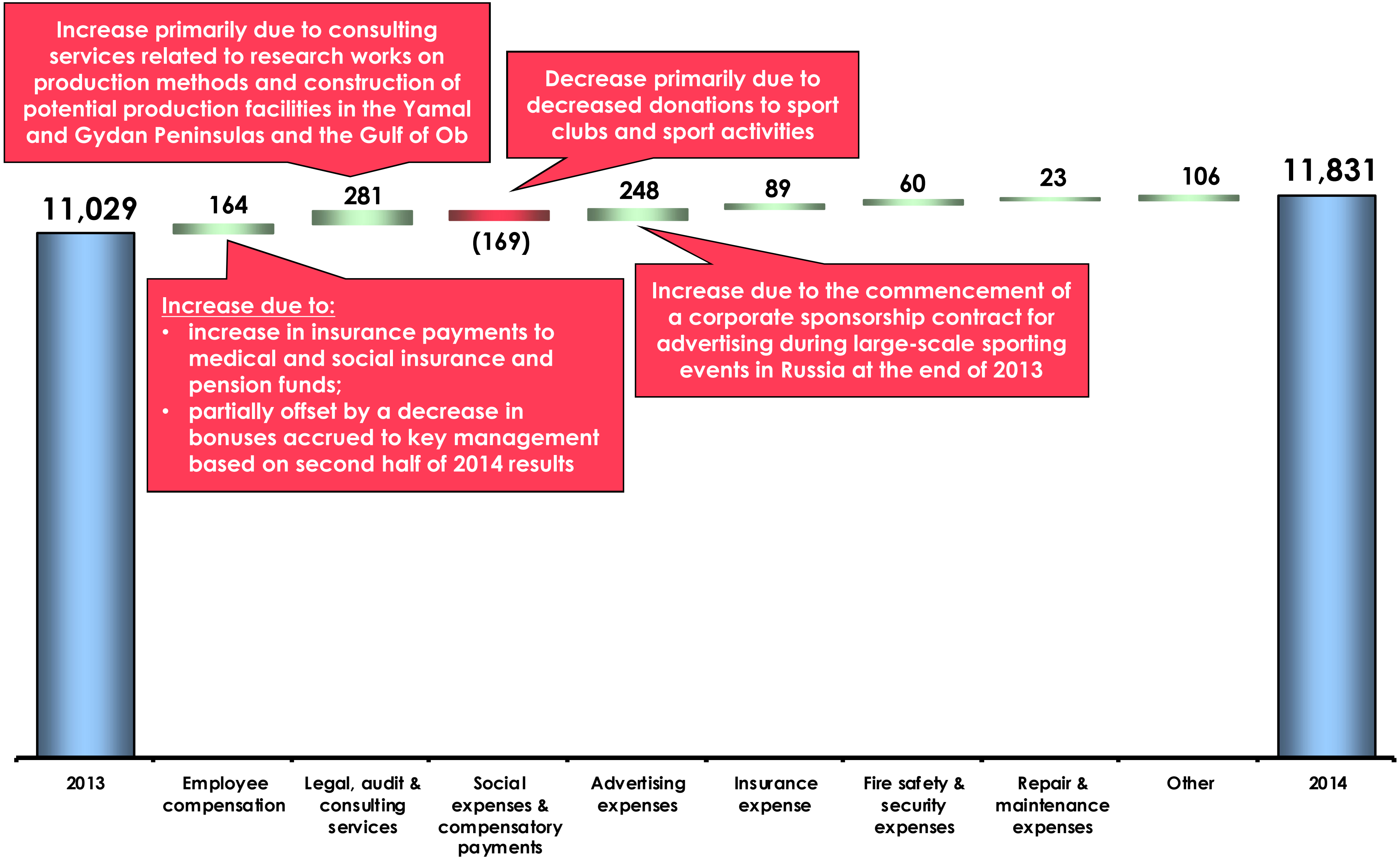
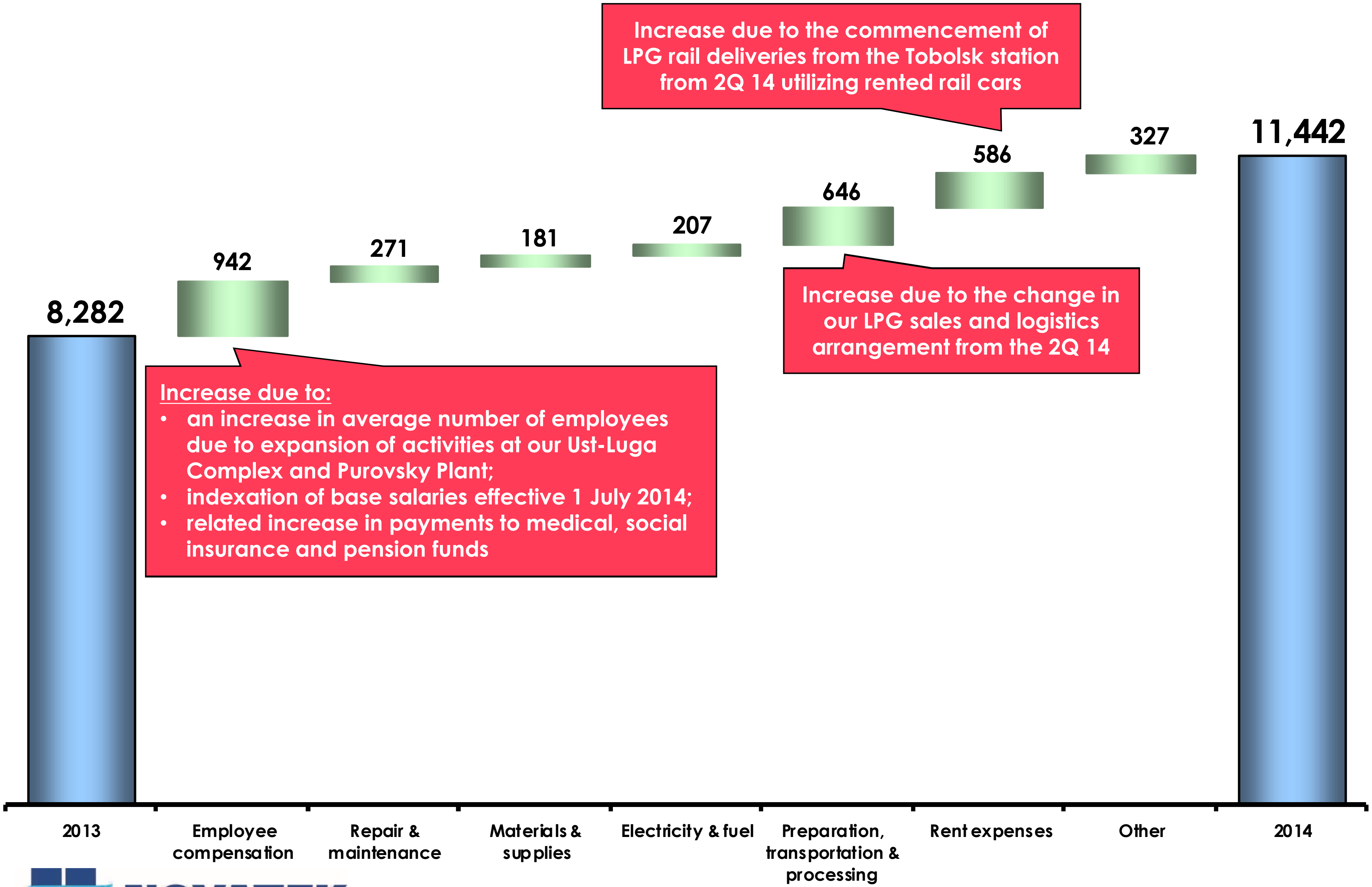
General and Administrative Expenses (RR million)



Materials, Services and Other Expenses (RR million)



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Condensed Statement of Financial Position (RR million)

	31 December 2014	31 December 2013	+/(-)	+/(-)%
Total current assets	**126,591**	**82,426**	**44,165**	**53.6%**
Incl. Cash and cash equivalents	*41,318*	*7,889*	*33,429*	*423.7%*
Total non-current assets	**572,548**	**515,569**	**56,979**	**11.1%**
Incl. Net PP&E	*291,726*	*243,688*	*48,038*	*19.7%*
Total assets	**699,139**	**597,995**	**101,144**	**16.9%**
Total current liabilities	**81,208**	**59,873**	**21,335**	**35.6%**
Incl. ST & current portion of LT debt	*40,980*	*24,026*	*16,954*	*70.6%*
Total non-current liabilities	**230,807**	**165,065**	**65,742**	**39.8%**
Incl. Deferred income tax liabilities	*21,063*	*18,219*	*2,844*	*15.6%*
Incl. LT debt	*204,699*	*141,595*	*63,104*	*44.6%*
Total liabilities	**312,015**	**224,938**	**87,077**	**38.7%**
Total equity	**387,124**	**373,057**	**14,067**	**3.8%**
Total liabilities & equity	**699,139**	**597,995**	**101,144**	**16.9%**

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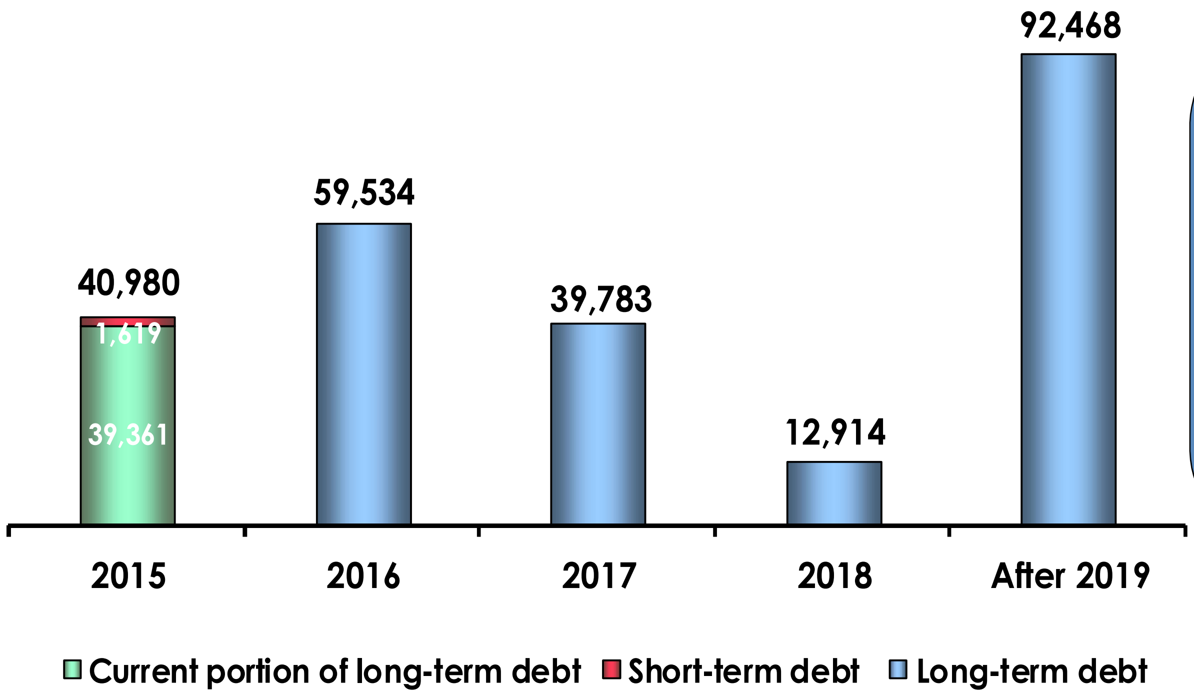
Total Debt Maturity Profile (RR million)



The Group has available funds:

- ✓ ZAO UniCredit Bank – USD 180 mln until August 2015
- ✓ Credit Agricole Corporate and Investment Bank – USD 100 mln until April 2015
- ✓ Gazprombank – RR 10 bln until July 2015
- ✓ Credit lines in the form of bank overdrafts – USD 275 mln

Debt repayment schedule:

Up to 2015 – Short-term loan from a non-controlling shareholder, RR denominated bonds (RR 20 bln) and Syndicated term credit line

Up to 2016 – Eurobonds Five-Year (USD 600 mln) and Syndicated term credit line facility

Up to 2017 – Eurobonds Four-Year (RR 14 bln) and Syndicated term credit line facility

Up to 2018 – Syndicated term credit line facility

After 2019 – Eurobonds Ten-Year (USD 650 mln and USD one bln)

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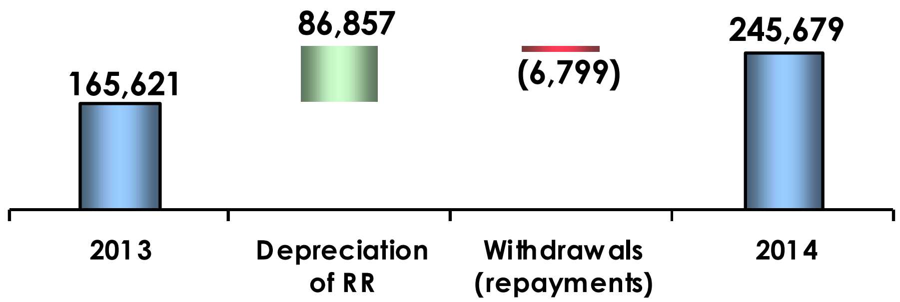
Debt Structure

Debt structure and maturities

RR million	2014	2013
Short-term debt	**40,980**	**24,026**
Including current portion of long-term debt	*39,361*	*9,911*
Long-term debt	**204,699**	**141,595**
Scheduled maturities		
2016	59,534	
2017	39,783	
2018	12,914	
after 2019	92,468	
Total debt	**245,679**	**165,621**
Cash and cash equivalents	**41,318**	**7,889**
Net debt (cash)	**204,361**	**157,732**

Total debt evolution, RR million



During 2014 we:

- ✓ withdrew a final tranche of USD 430 million under our syndicated credit line facility obtained in June 2013 in the amount of USD 1.5 billion (March)
- ✓ received a short-term loan from a non-controlling shareholder in the amount of RR 1,619 million (January)

During 2014 we fully repaid:

- ✓ USD 431 million short-term loans, including bank overdrafts, from BNP PARIBAS Bank and Credit Agricole Corporate and Investment Bank (January)
- ✓ RR 10 billion loan from Sberbank ahead of its maturity schedule (March)

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Financial Overview – 4Q 14 vs. 3Q 14

Comparison of Quarterly Results (RR million)

	4Q 13	1Q 14	2Q 14	3Q 14	4Q 14	Q-o-Q +/- %	Y-o-Y +/- %
Oil and gas sales	83,592	88,533	87,881	84,090	95,169	13.2%	13.8%
Total revenues	83,915	88,676	88,370	84,733	95,864	13.1%	14.2%
Operating expenses	(55,012)	(53,875)	(55,670)	(55,870)	(71,097)	27.3%	29.2%
EBITDA (1)	74,305	45,602	40,323	38,757	37,572	-3.1%	-49.4%
Normalized EBITDA (2)	*36,656*	*42,979*	*40,323*	*38,757*	*37,572*	*-3.1%*	*2.5%*
EBITDA margin	88.5%	51.4%	45.6%	45.7%	39.2%		
Normalized EBITDA margin (2)	*43.7%*	*48.5%*	*45.6%*	*45.7%*	*39.2%*		
Effective income tax rate (3)	19.8%	19.8%	18.4%	32.8%	3.9%		
Profit attributable to NOVATEK	52,120	25,155	31,950	7,627	(27,436)	-459.7%	-152.6%
Normalized profit attributable to NOVATEK (2)	*21,939*	*23,056*	*31,950*	*7,627*	*(27,436)*	*-459.7%*	*-225.1%*
Profit margin	62.1%	28.4%	36.2%	9.0%	-28.6%		
Normalized profit margin (2)	*26.1%*	*26.0%*	*36.2%*	*9.0%*	*-28.6%*		
Earnings per share	17.21	8.31	10.58	2.53	(9.08)	-458.9%	-152.8%
Normalized earnings per share (2)	*7.25*	*7.62*	*10.58*	*2.53*	*(9.08)*	-458.9%	-225.2%
CAPEX (4)	14,321	13,727	19,576	12,284	17,592	43.2%	22.8%
Net debt (5)	157,732	125,087	114,496	147,580	204,361	38.5%	29.6%
Free cash flow (6)	6,922	13,363	4,081	6,560	23,070	251.7%	233.3%

Notes:

1. EBITDA includes our proportionate share in the EBITDA of our joint ventures and represents profit (loss) attributable to shareholders of OAO NOVATEK adjusted for the add-back of net impairment expenses (reversals), depreciation, depletion and amortization, income tax expense, share of profit (loss) of joint ventures, net of income tax and finance income (expense) from the Consolidated Statement of Income, as well as income (loss) from changes in fair value of derivative financial instruments
2. Excluding the effect from the disposal of interests in joint ventures
3. Effective income tax rate in 3Q 14 and 4Q 14 differs from the Russian statutory rate of 20% due to recording significant non-cash foreign exchange losses in our subsidiaries, remeasurement in 4Q 14 of shareholders' loans issued to our joint ventures and recording of the Group's share of losses from joint ventures. The losses in joint ventures, caused by significant foreign exchange losses, are recorded in the financial statements of joint ventures on an after-tax basis. The Group holds at least a 50% interest in each of its joint ventures, and dividend income from these joint ventures is subject to a zero withholding tax rate according to the Russian tax legislation. Without the effects described above, our effective income tax rate in 3Q 14 and 4Q 14 was 16.8% and 17.9%, respectively
4. CAPEX represents additions to property, plant and equipment excluding payments for mineral licenses
5. Net debt calculated as long-term debt plus short-term debt less cash and cash equivalents
6. Free cash flow represents the excess of net cash provided by operating activities over capital expenditures

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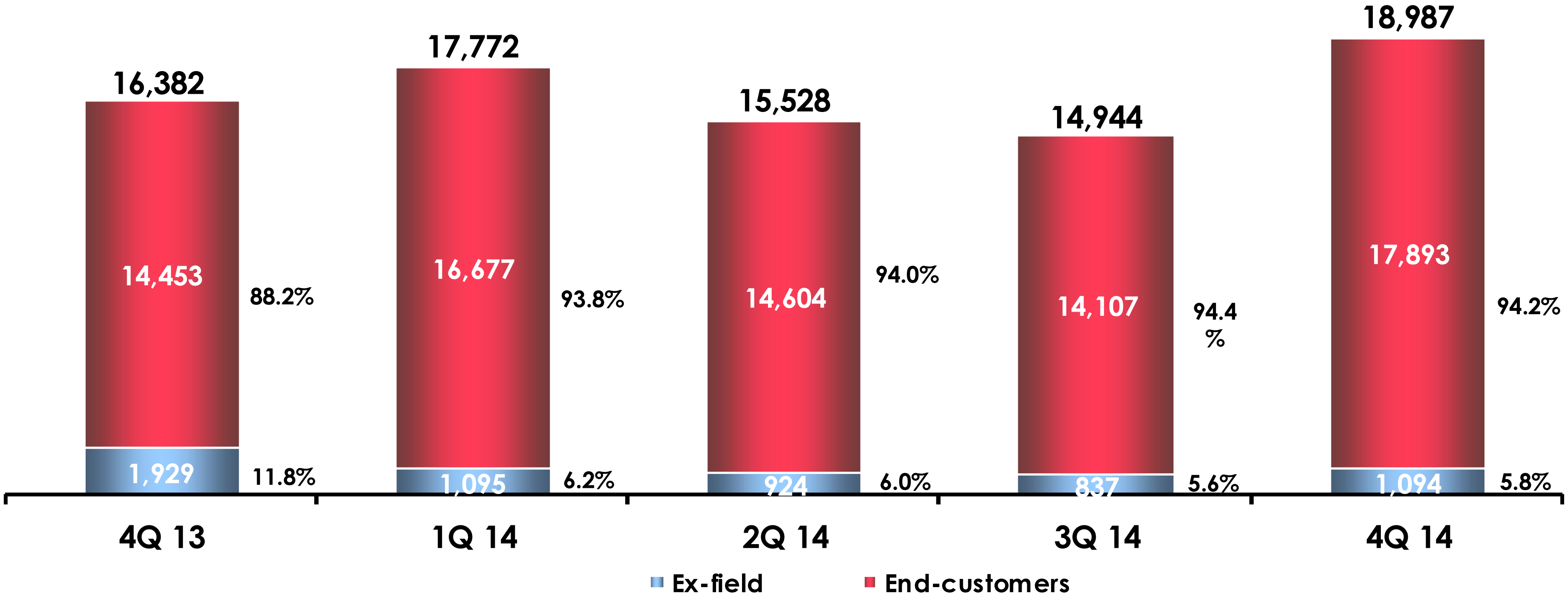
Market Distribution – Gas Sales Volumes (mmcm)



- Y-o-Y increase in natural gas sales volumes was due to increased volumes of natural gas withdrawn from the UGSF compared to build-up in inventory balances as at 31 December 2013, as well as increase in purchases from our joint ventures
- Our proportion of natural gas sold to end-customers increased Y-o-Y due to the cessation of natural gas deliveries to one of the traders in December 2013. In addition, we significantly increased natural gas deliveries to our end-customers located at the Khanty-Mansiysk Autonomous Region under long-term natural gas sales contracts

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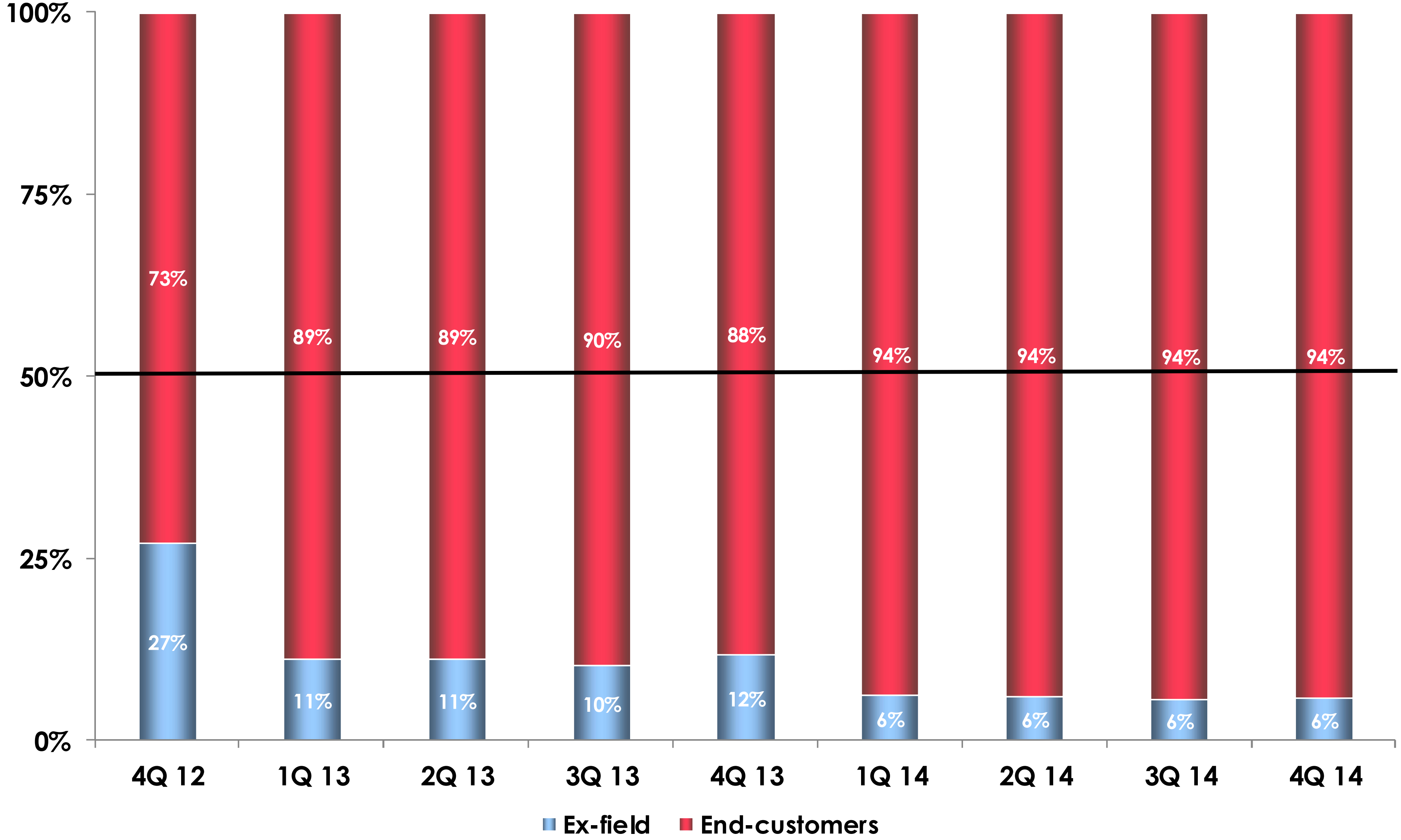
Natural Gas Sales Volume Mix



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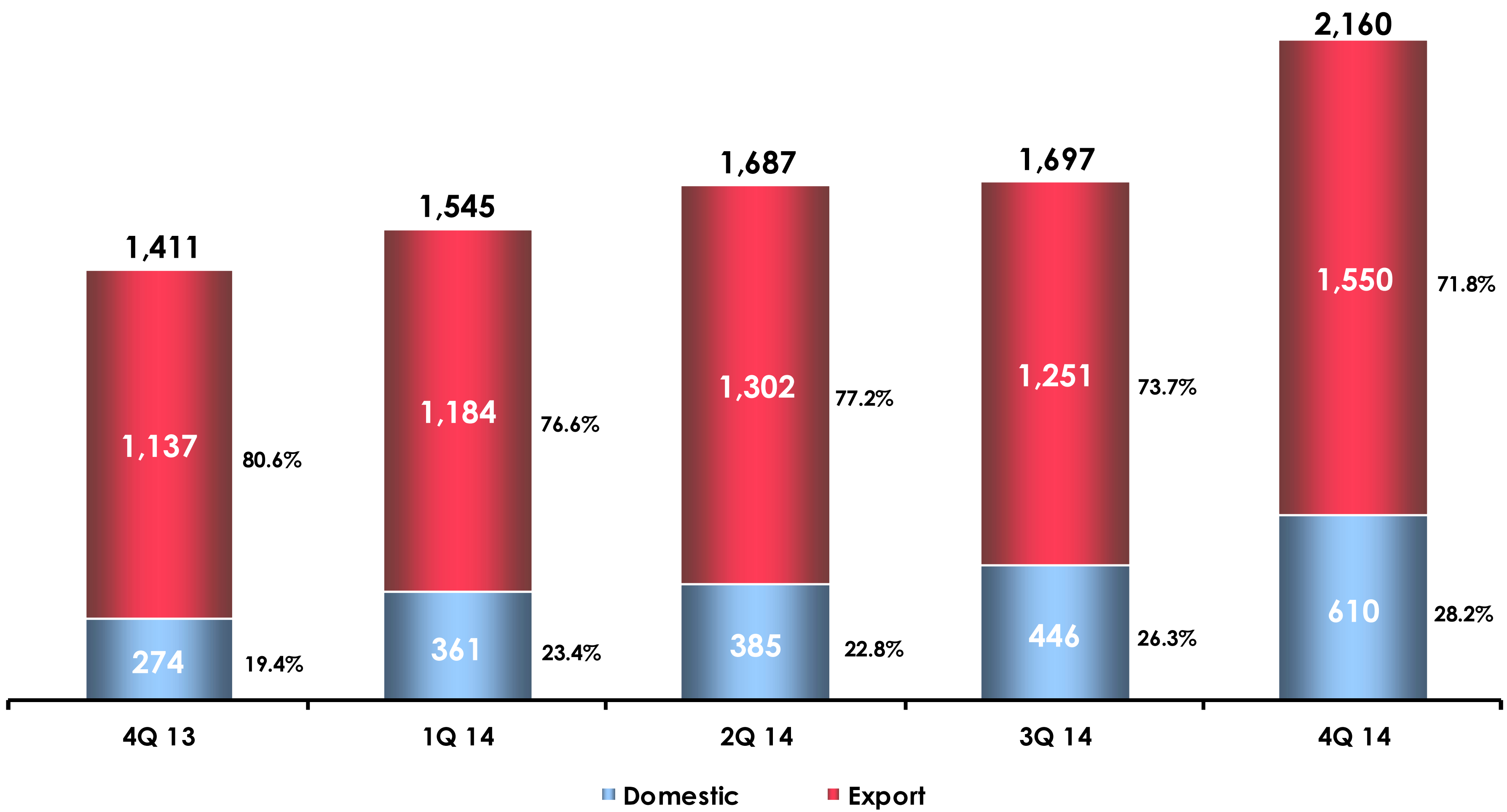
Market Distribution – Liquids Sales Volumes (mt)



Y-o-Y and Q-o-Q increase in liquids sales volumes was due to a significant increase in unstable gas condensate production in our joint ventures and crude oil production in our subsidiaries

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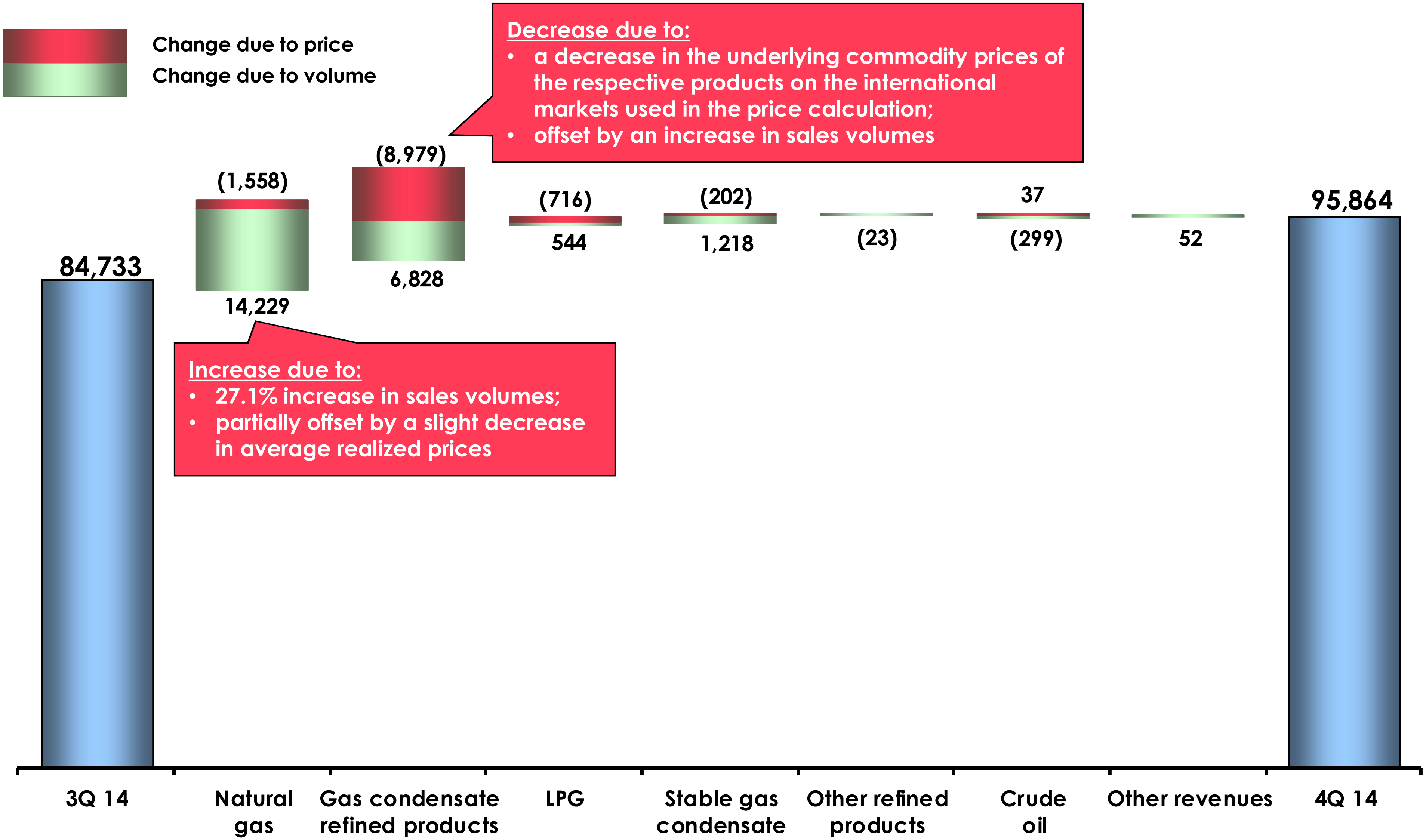
Total Revenues (RR million)



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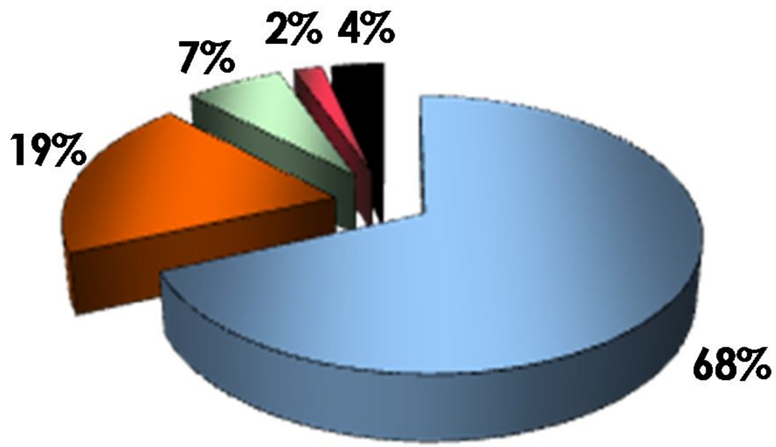
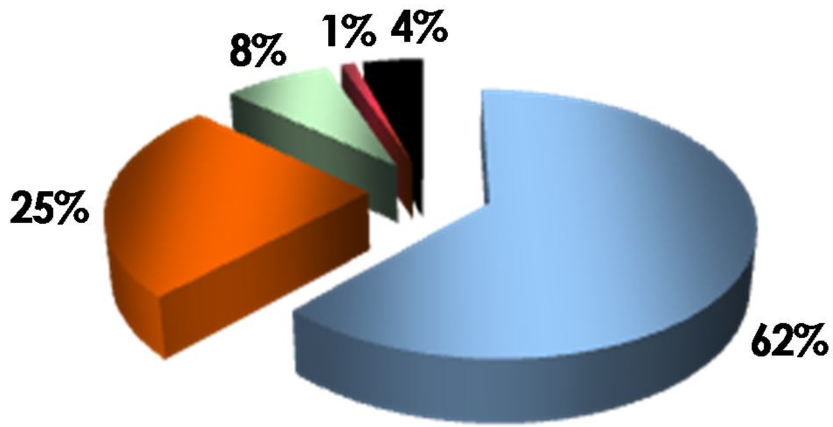
Total Revenues Breakdown

- Natural gas
- Gas condensate refined products
- LPG
- Stable gas condensate
- Other

4Q 14



3Q 14



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Realized Hydrocarbon Prices (net of VAT and export duties)

4Q 13	4Q 14	+/(-)	+/(-)%		3Q 14	4Q 14	+/(-)	+/(-)%
				Domestic prices				
3,610	3,536	(74)	-2.0%	**Natural gas end-customers, RR/mcm**	3,620	3,536	(84)	-2.3%
2,063	1,831	(232)	-11.2%	**Natural gas ex-field, RR/mcm**	1,832	1,831	(1)	-0.1%
13,150	11,697	(1,453)	-11.0%	**Stable gas condensate, RR/ton**	12,955	11,697	(1,258)	-9.7%
-	20,101	n/a	n/a	**Other gas condensate refined products, RR/ton**	-	20,101	n/a	n/a
16,067	14,486	(1,581)	-9.8%	**LPG, RR/ton**	14,871	14,486	(385)	-2.6%
12,181	11,893	(288)	-2.4%	**Crude oil, RR/ton**	12,485	11,893	(592)	-4.7%
				Export market				
20,408	11,340	(9,068)	-44.4%	**Naphtha, RR/ton**	20,154	11,340	(8,814)	-43.7%
22,926	18,624	(4,302)	-18.8%	**Other gas condensate refined products, RR/ton**	20,751	18,624	(2,127)	-10.3%
22,891	20,753	(2,138)	-9.3%	**LPG, RR/ton**	22,546	20,753	(1,793)	-8.0%
12,179	9,962	(2,217)	-18.2%	**Crude oil, RR/ton**	12,338	9,962	(2,376)	-19.3%

Note: Prices are shown excluding trading activities

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Operating Expenses (RR million and % of Total Revenues (TR))

4Q 13	% of TR	4Q 14	% of TR		3Q 14	% of TR	4Q 14	% of TR
26,092	*31.1%*	**33,516**	*35.0%*	Transportation expenses	**26,643**	*31.4%*	**33,516**	*35.0%*
6,534	*7.8%*	**7,277**	*7.6%*	Taxes other than income tax	**7,198**	*8.5%*	**7,277**	*7.6%*
32,626	*38.9%*	**40,793**	*42.6%*	**Non-controllable expenses**	**33,841**	*39.9%*	**40,793**	*42.6%*
3,703	*4.4%*	**4,633**	*4.8%*	Depreciation and amortization	**4,316**	*5.1%*	**4,633**	*4.8%*
3,742	*4.5%*	**3,521**	*3.7%*	General and administrative	**2,543**	*3.0%*	**3,521**	*3.7%*
2,491	*3.0%*	**3,179**	*3.3%*	Materials, services & other	**3,014**	*3.6%*	**3,179**	*3.3%*
2,533	*3.0%*	**324**	*0.3%*	Net impairment expenses	**11**	*n/m*	**324**	*0.3%*
27	*n/m*	**-**	*n/a*	Exploration expenses	**101**	*n/m*	**-**	*n/a*
(977)	*n/m*	**1,494**	*n/m*	Change in natural gas, liquids and WIP	**(2,488)**	*n/m*	**1,494**	*n/m*
44,145	*52.6%*	**53,944**	*56.3%*	**Subtotal operating expenses**	**41,338**	*48.7%*	**53,944**	*56.3%*
10,867	*13.0%*	**17,153**	*17.9%*	Purchases of natural gas and liquid hydrocarbons	**14,532**	*17.2%*	**17,153**	*17.9%*
55,012	*65.6%*	**71,097**	*74.2%*	**Total operating expenses**	**55,870**	*65.9%*	**71,097**	*74.2%*

- **Operating expenses increased Y-o-Y and Q-o-Q by 29.2% and 27.3%, respectively, primarily due to increase in purchases of natural gas and liquid hydrocarbons from our joint ventures, change in natural gas, liquids and WIP and transportation expenses**
- **Our hydrocarbon purchases increased Y-o-Y and Q-o-Q primarily due to an increase in purchases of unstable gas condensate from SeverEnergia and Nortgas, as well as purchases of natural gas from Nortgas**
- **Our change in natural gas, liquids and WIP increased Y-o-Y and Q-o-Q due to a decrease in cumulative natural gas inventory balance at the end of 2014 as a result of the increased demand for natural gas from our end-customers during the winter period**
- **Transportation expenses increased Y-o-Y and Q-o-Q mainly due to an increase in the natural gas volumes sold to end-customers with associated transportation expenses, as well as increased liquid hydrocarbons volumes transported**

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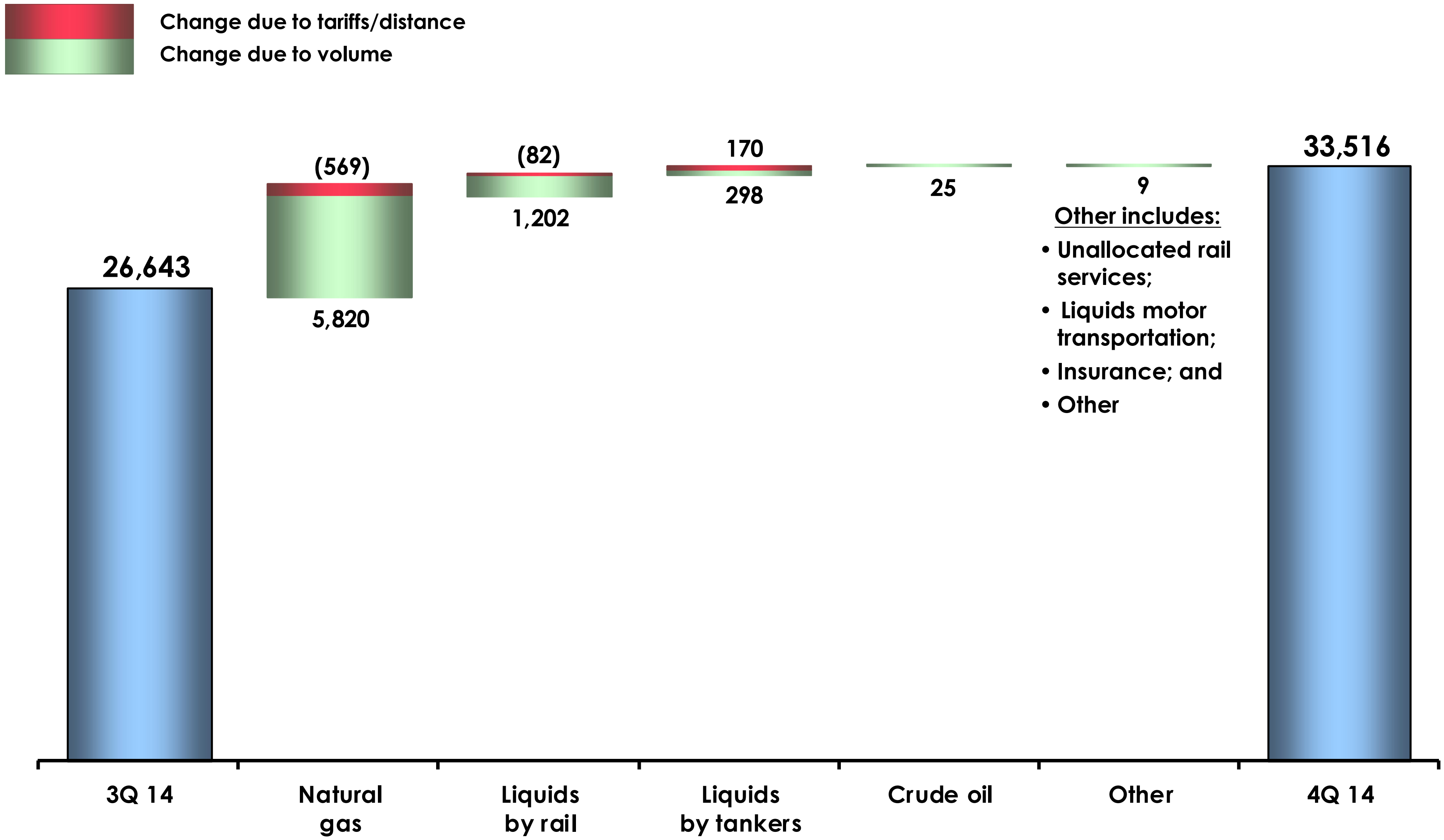
Transportation Expenses (RR million)



Other includes:
- Unallocated rail services;
- Liquids motor transportation;
- Insurance; and
- Other

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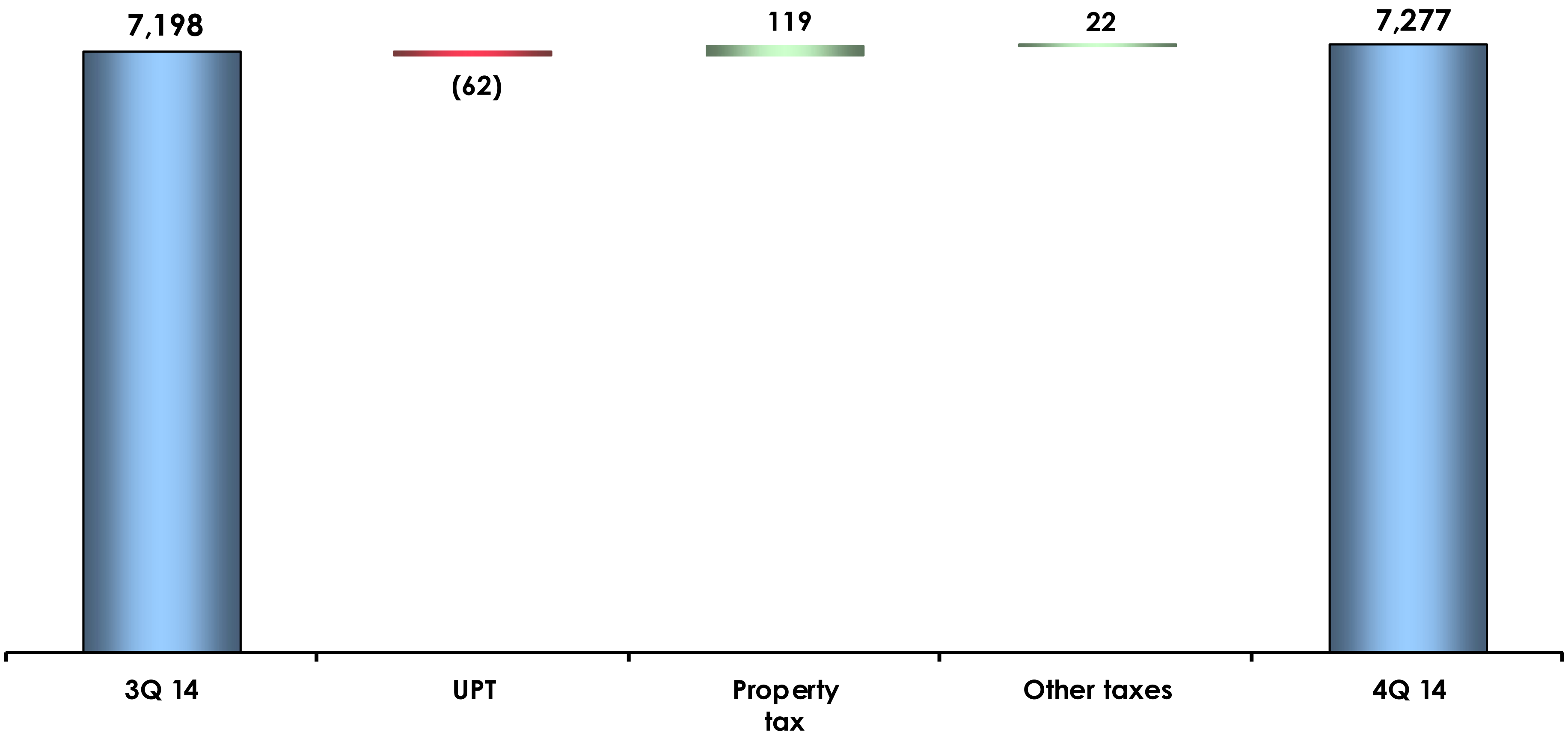
Taxes Other Than Income Tax Expense (RR million)



- The increase in property tax expense was due to additions to property, plant and equipment at our production subsidiaries

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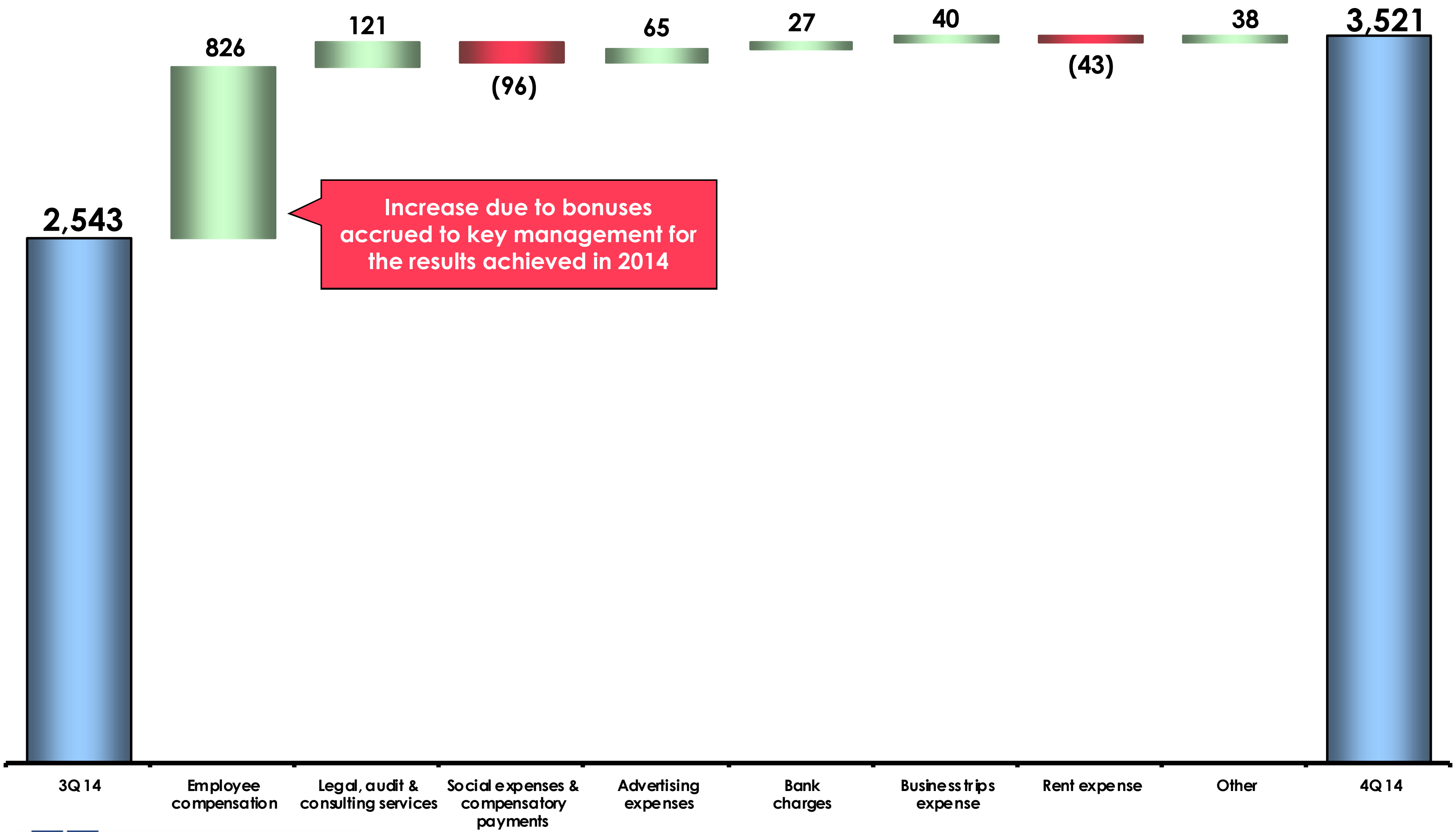
General and Administrative Expenses (RR million)



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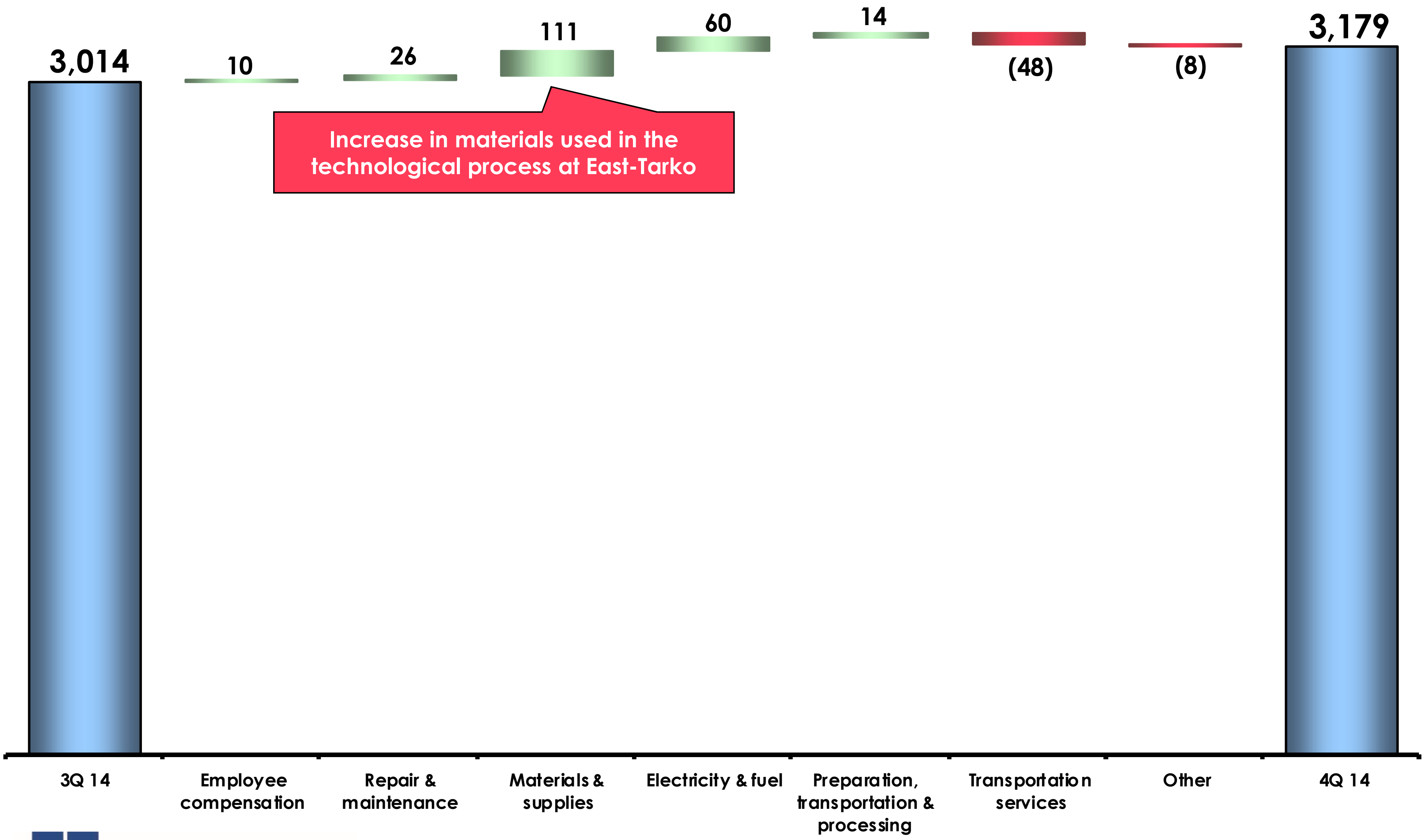
Materials, Services and Other Expenses (RR million)



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Questions and Answers

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Appendices

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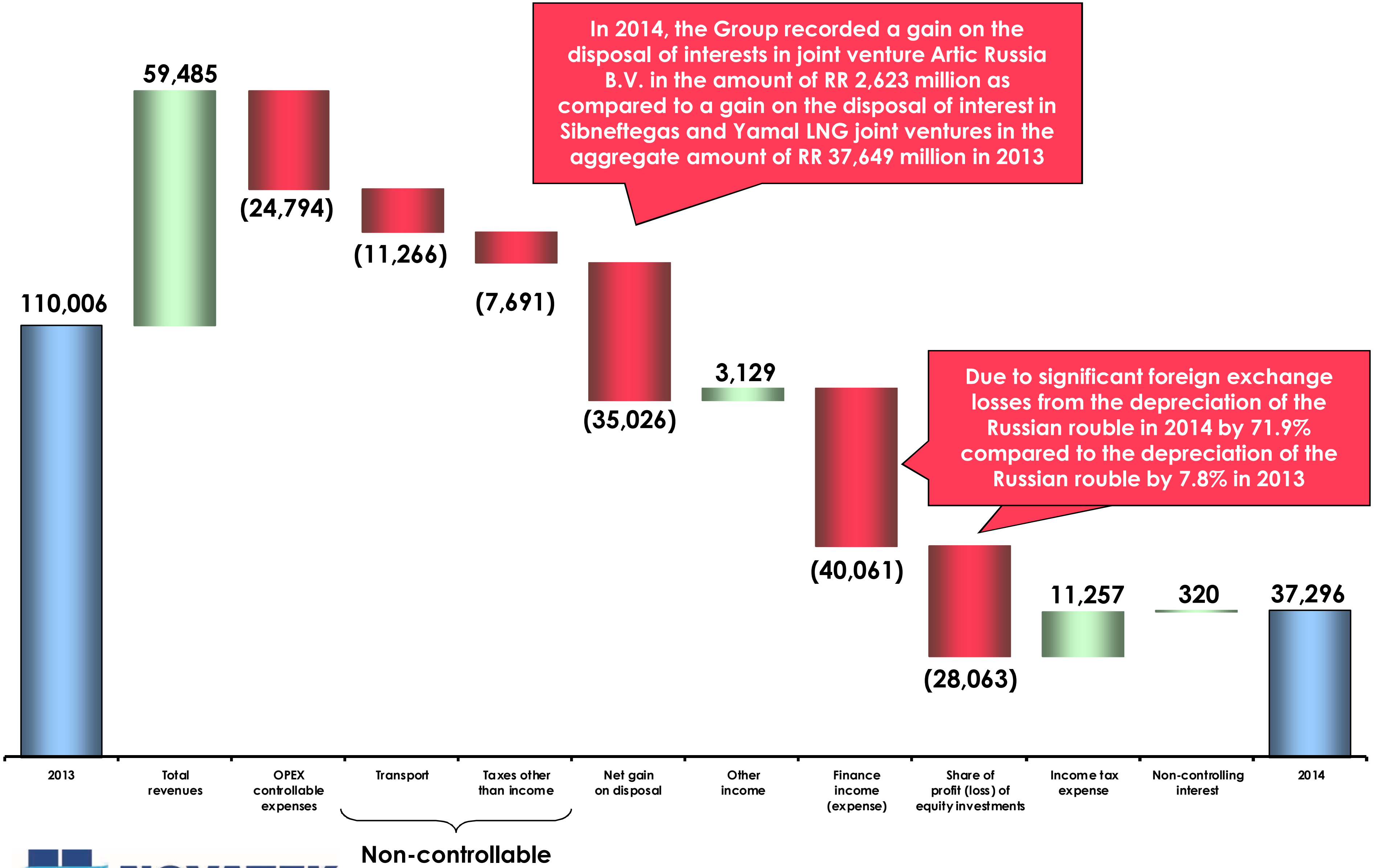
Profit Attributable to NOVATEK Shareholders (RR million)



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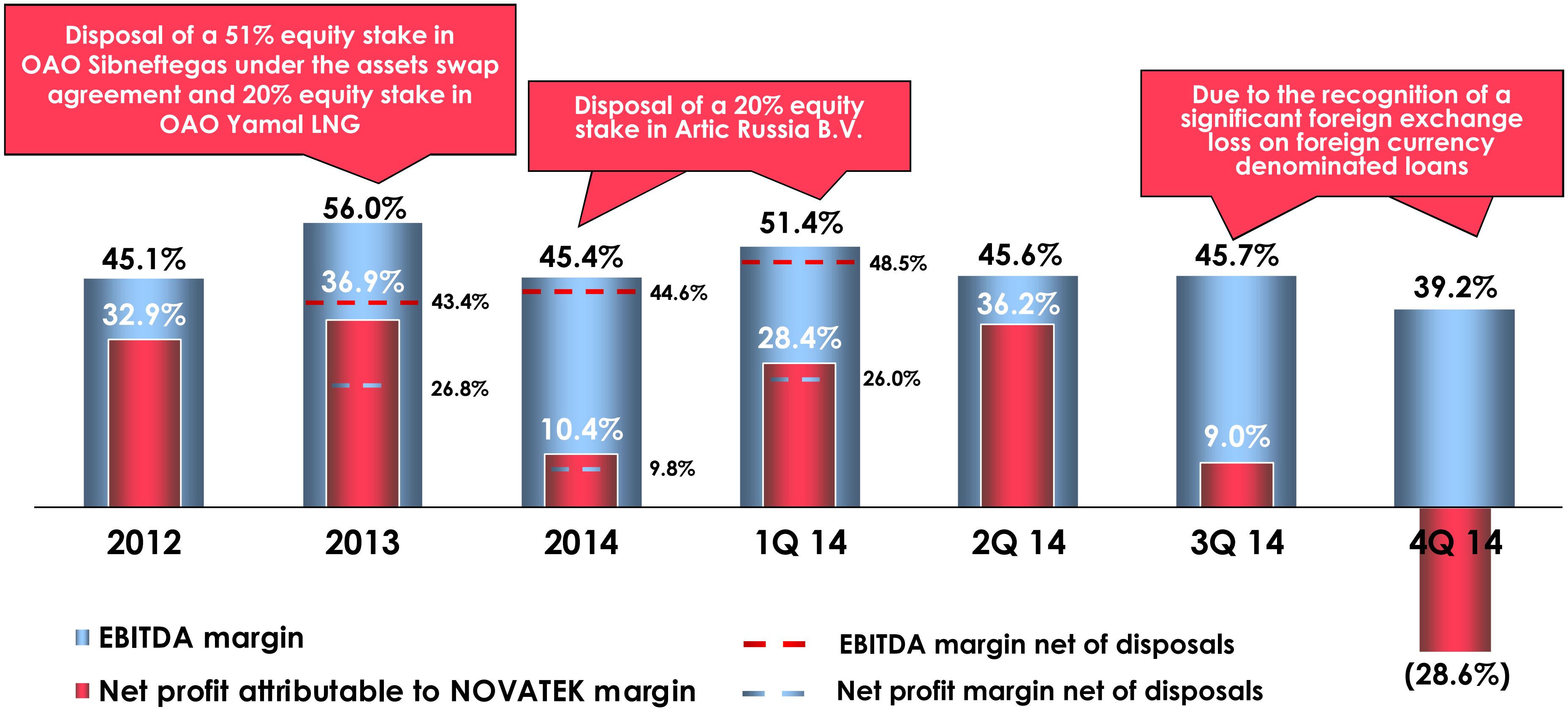
Maintaining Margins (% of total revenues)



Margins in-line with Group's strategic guidance, but negatively impacted by the depreciation of Russian rouble in the second half of 2014

Notes:

EBITDA includes our proportionate share in the EBITDA of our joint ventures and represents profit (loss) attributable to shareholders of OAO NOVATEK adjusted for the add-back of net impairment expenses (reversals), depreciation, depletion and amortization, income tax expense, share of profit (loss) of joint ventures, net of income tax and finance income (expense) from the Consolidated Statement of Income, as well as income (loss) from changes in fair value of derivative financial instruments

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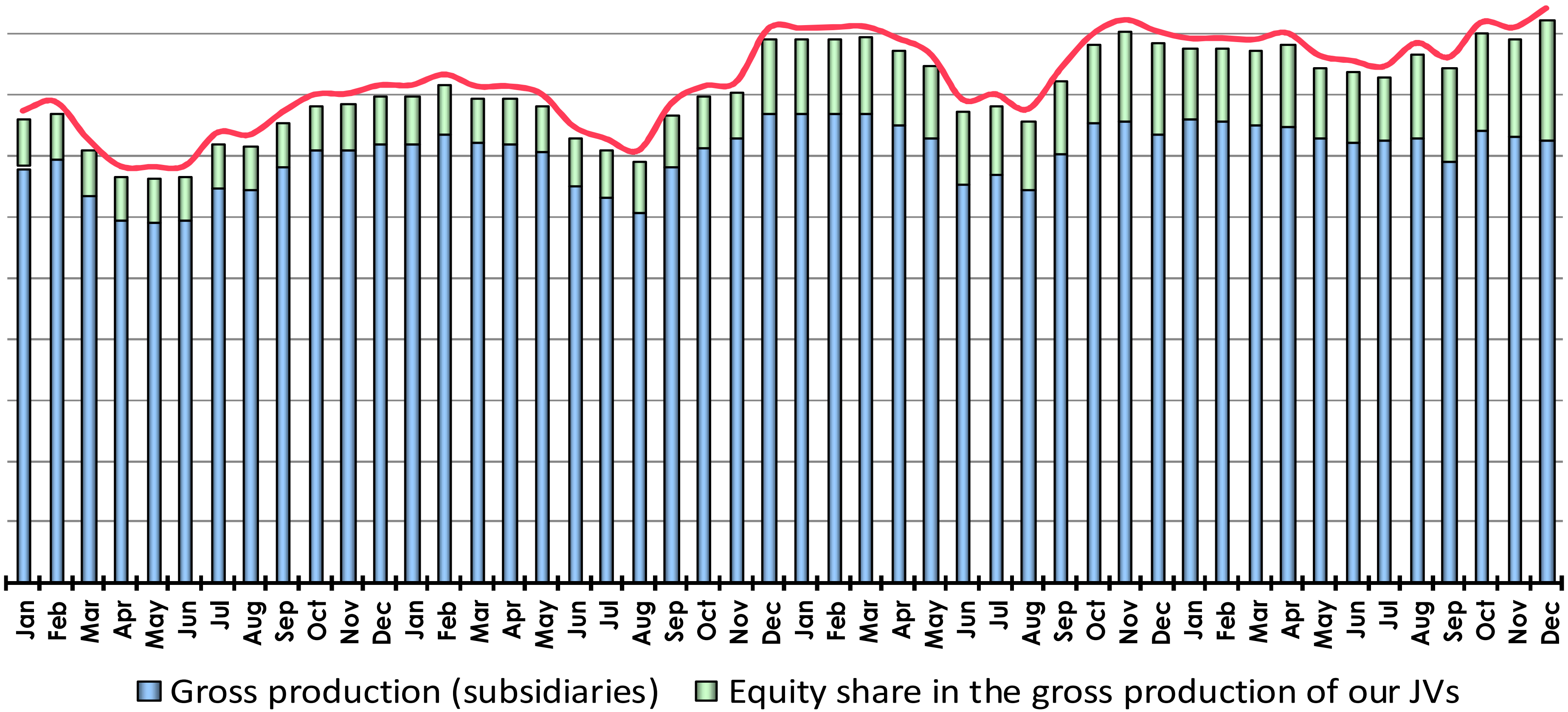
Increasing Natural Gas Production (mmcm per day)



2011	2012	2013	2014
2011 Avg. 147 mmcm/day 5,180 bcf/day	2012 Avg. 157 mmcm/day 5,531 bcf/day	2013 Avg. 170 mmcm/day 6,020 bcf/day	2014 Avg. 174 mmcm/ay 6,160 bcf/day
		4Q 13 Avg. 178 mmcm/day 6,301 bcf/day	4Q 14 Avg. 181 mmcm/day 6,409 bcf/day

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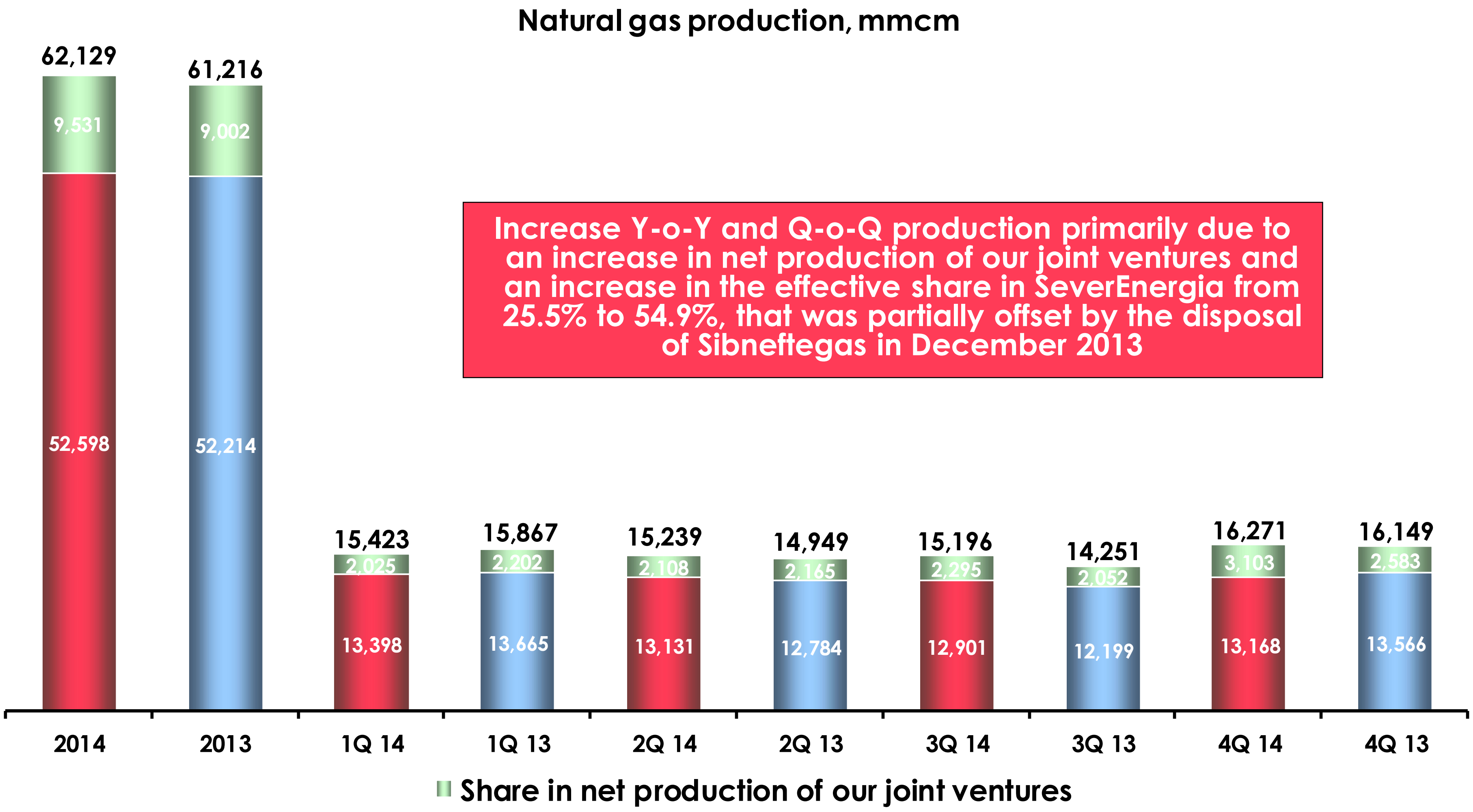
Net Production Y-o-Y and 2013/2014 Quarterly



Note: Net hydrocarbon production includes our proportional share in the production of our joint ventures

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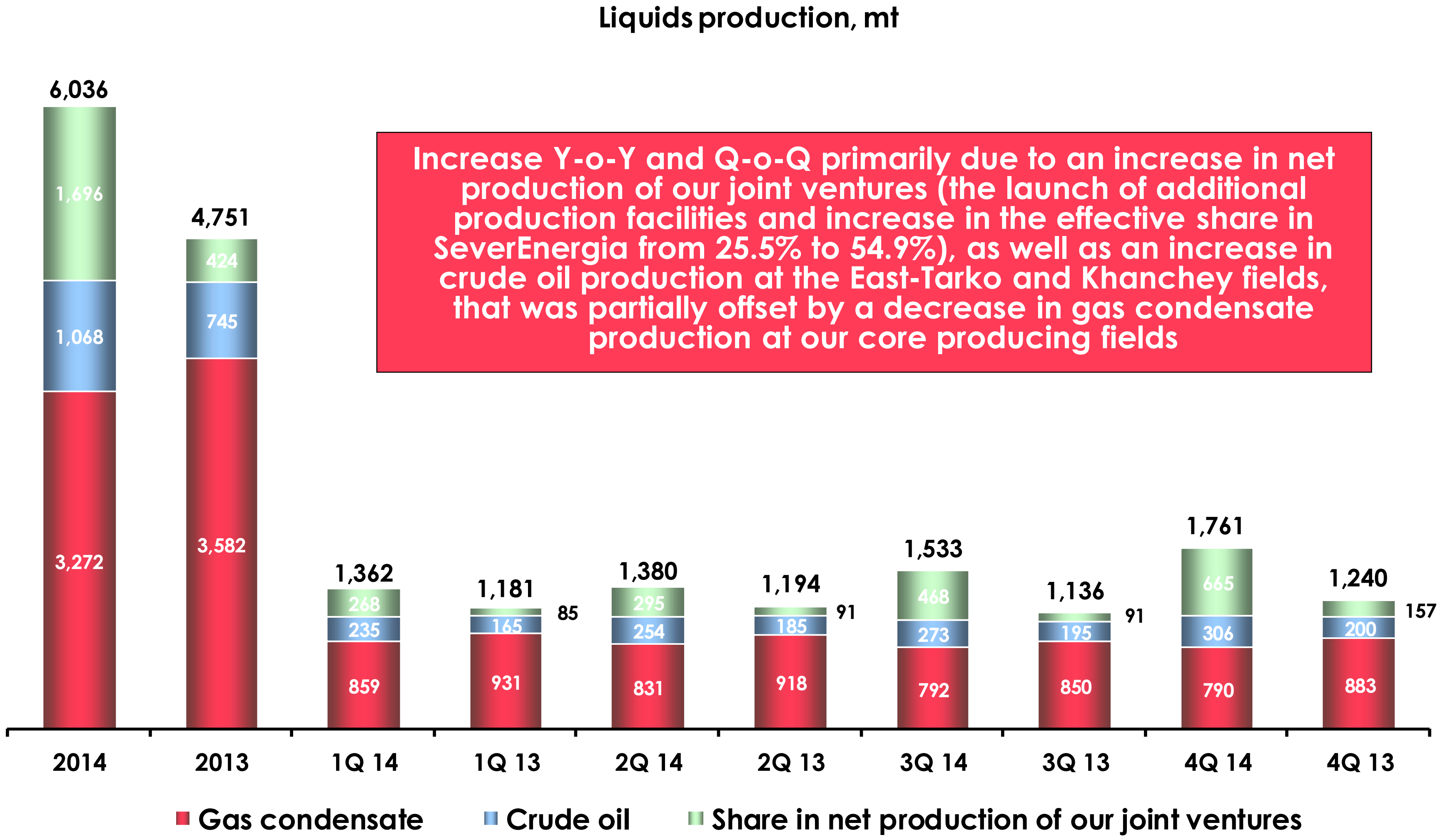
Net Production Y-o-Y and 2013/2014 Quarterly



Increase Y-o-Y and Q-o-Q primarily due to an increase in net production of our joint ventures (the launch of additional production facilities and increase in the effective share in SeverEnergia from 25.5% to 54.9%), as well as an increase in crude oil production at the East-Tarko and Khanchey fields, that was partially offset by a decrease in gas condensate production at our core producing fields

Note: Net hydrocarbon production includes our proportional share in the production of our joint ventures

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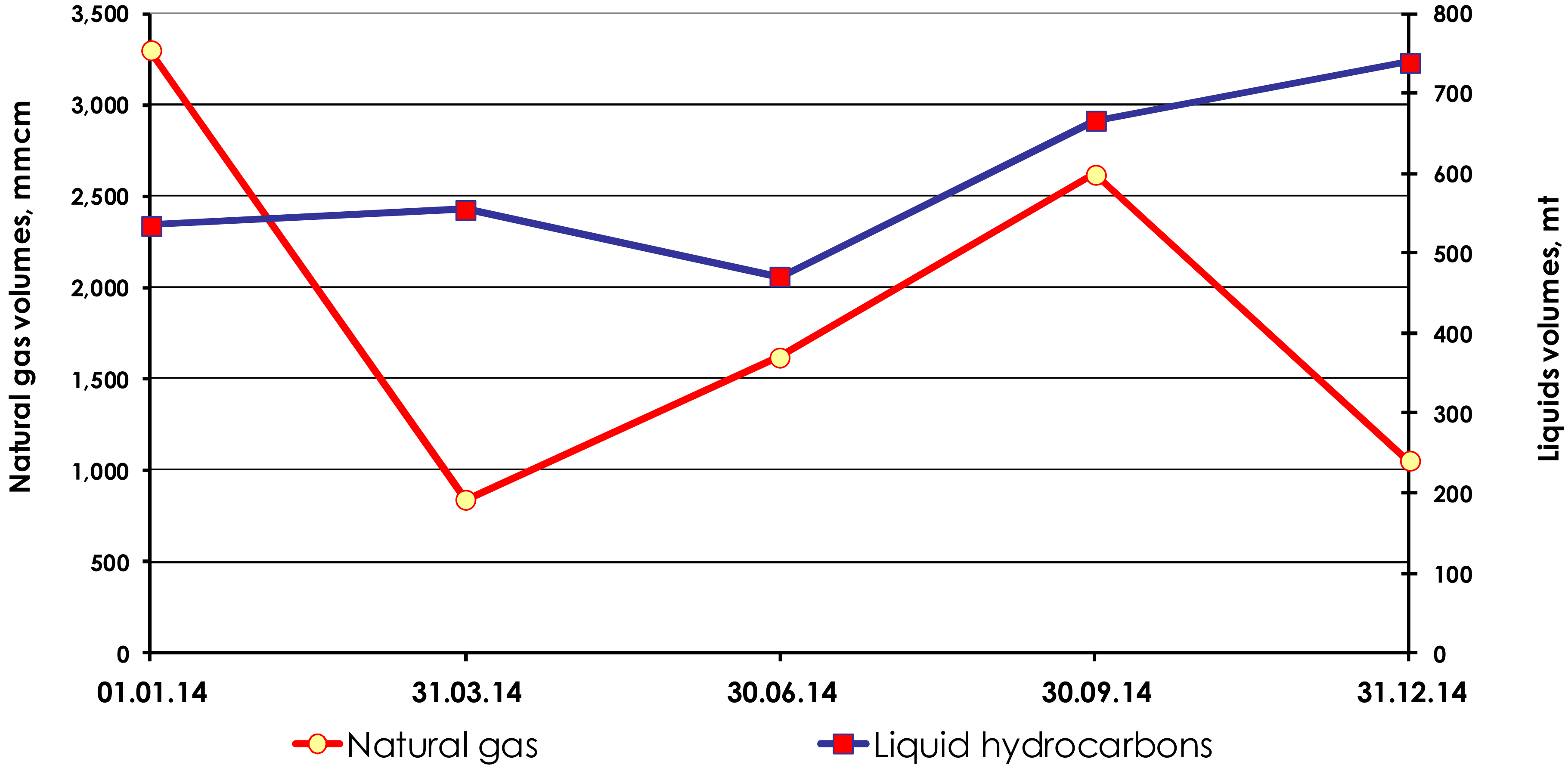
Change in Inventories



The decrease in our natural gas inventory balance at the end of 2014 was a result of the increased demand for natural gas from our end-customers during the winter period whereby the increase in natural gas inventory balances at the end of 2013 related to an abnormally warm winter in Russian Federation in 4Q 2013

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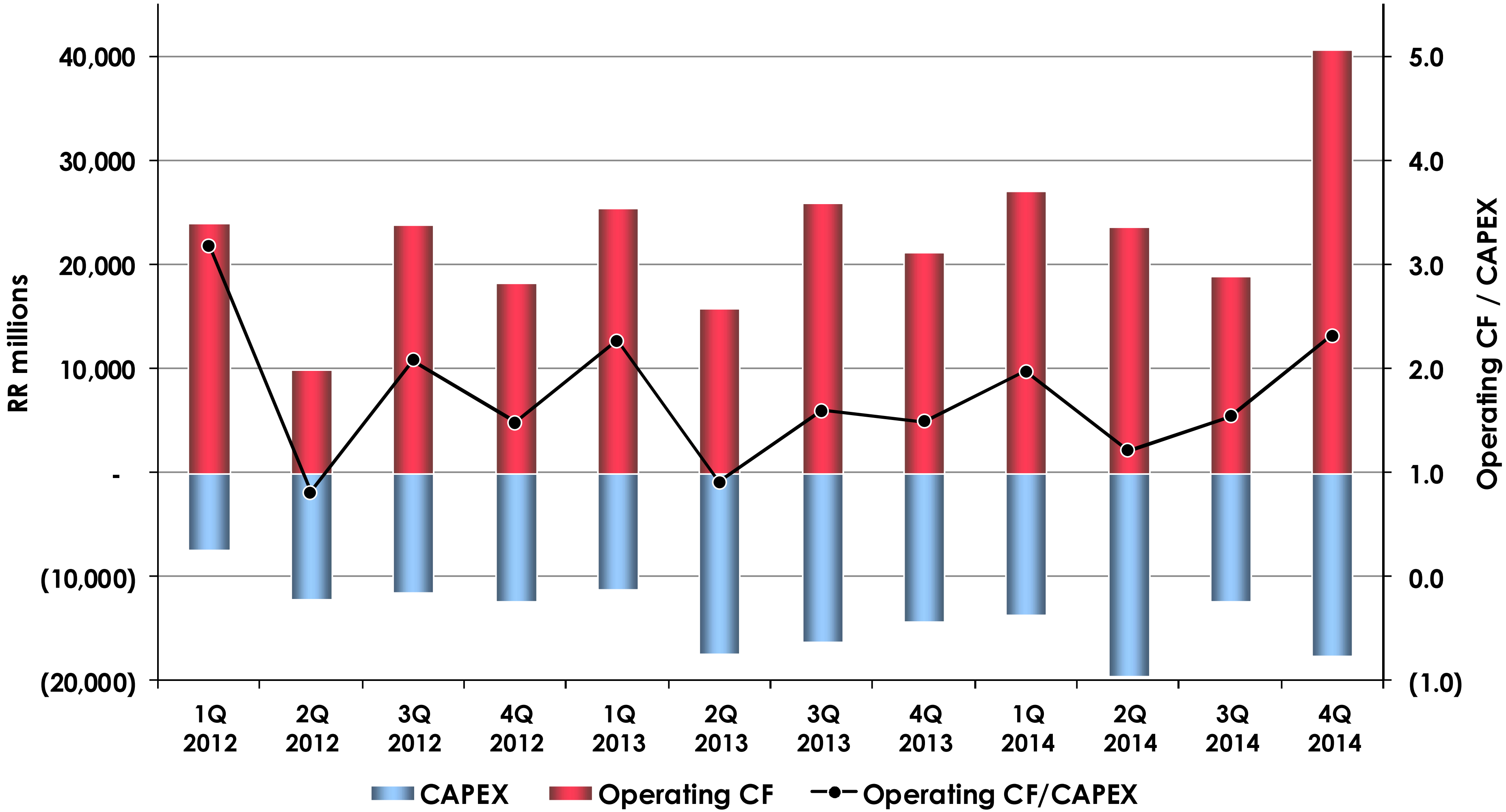
Internally Funded Investment Program



Core investments in upstream exploration, production and processing facilities funded primarily through internal cash flows

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